HOUSE OF REPRESENTATIVES—*Tuesday, April 16, 1991*

The House met at 10 a.m. and was called to order by the Speaker pro tempore [Mr. KILDEE].

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
April 16, 1991.

I hereby designate the Honorable DALE E. KILDEE to act as Speaker pro tempore on this day.

THOMAS S. FOLEY,
Speaker of the House of Representatives.

PRAYER

Father James W. McLoughlin, pastor, St. Peter's Roman Catholic Church, Geneva, IL, offered the following prayer:

Merciful Father, gracious God, You have brought this Nation out of the wilderness of fear and the slavery of hatred; You have made us a great nation. Our trust is in You. We look to You for deliverance from today's vexing dilemmas. We ask You to change our hearts from hatred of our enemies to reconciliation so that our enemies may look to us as a sign of Your mercy and forgive us our wrongs against them. May our friends also see in us an example of Your mercy and follow our example freeing those held unjustly and granting their legitimate demands for freedom and self-determination. Bless, good Shepherd of the flock, the men and women of this House. May they do Your will with wisdom and courage. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. The Chair calls upon the gentleman from Mississippi [Mr. MONTGOMERY] to lead the House in the Pledge of Allegiance.

Mr. MONTGOMERY led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

FATHER JAMES W. McLOUGHLIN

(Mr. COX of Illinois asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COX of Illinois. Mr. Speaker, I rise today to welcome to the well of the House a very dear and personal friend, Father James W. McLoughlin, who just said the opening prayer here today.

Father Jim has become a very close friend of my family, is our spiritual adviser and has become a very helpful adviser to me personally as well.

Father Jim was a hostage in Beirut, Lebanon, on TWA flight No. 847 in June 1985, and was held a hostage for 17 days, and through that experience came to understand the difficult problems that we as a country and the world face in the Middle East. His advice has been most helpful to me in fulfilling my responsibilities here as a Member of Congress.

During Father Jim's visit here to Washington, he had the opportunity to visit the grave of Robert Stethem, of Maryland, at the Arlington Cemetery. Robert Stethem died as one of the hostages on TWA flight 847 and Father Jim has taken great care to keep the memory of Robert Stethem alive in this country ever since that experience in Lebanon.

So I welcome Father Jim to the well of the House and hope that we can do this again many times, and I thank him for coming.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair desires to make an announcement.

After consultation with the majority and minority leaders, and with their consent and approval, the Chair announces that during the joint meeting to hear an address by Her Excellency Violeta Chamorro, only the doors immediately opposite the Speaker and those on his right and left will be open.

No one will be allowed on the floor of the House who does not have the privilege of the floor of the House.

Due to the large attendance which is anticipated, the Chair feels that the rule regarding the privilege of the floor must be strictly adhered to.

Children of Members will not be permitted on the floor, and the cooperation of all Members is requested.

RECESS

The SPEAKER pro tempore. Pursuant to the order of the House of Thursday, April 11, 1991, the House will stand in recess subject to the call of the Chair.

Accordingly (at 10 o'clock and 5 minutes a.m.), the House stood in recess subject to the call of the Chair.

JOINT MEETING OF THE HOUSE AND SENATE TO HEAR AN ADDRESS BY HER EXCELLENCY VIOLETA DE CHAMORRO, THE PRESIDENT OF THE REPUBLIC OF NICARAGUA

The SPEAKER of the House presided.

The Doorkeeper, the Honorable James T. Molloy, announced the Vice President and Members of the U.S. Senate, who entered the Hall of the House of Representatives, the Vice President taking the chair at the right of the Speaker, and the Members of the Senate the seats reserved for them.

The SPEAKER. The Chair appoints as members of the committee on the part of the House to escort the President of the Republic of Nicaragua into the Chamber:

The gentleman from Missouri [Mr. GEPHARDT];

The gentleman from Pennsylvania [Mr. GRAY];

The gentleman from Florida [Mr. FASCELL];

The gentleman from Michigan [Mr. BONIOR];

The gentleman from Maryland [Mr. HOYER];

The gentleman from Arkansas [Mr. ALEXANDER];

The gentleman from Illinois [Mr. MICHEL];

The gentleman from Georgia [Mr. GINGRICH];

The gentleman from Michigan [Mr. BROOMFIELD];

The gentleman from California [Mr. LEWIS];

The gentleman from Oklahoma [Mr. EDWARDS]; and

The gentleman from North Carolina [Mr. BALLENGER].

The VICE PRESIDENT. The President of the Senate, by direction of the body, appoints the following Senators as a committee on the part of the Senate to escort Her Excellency, the President of the Republic of Nicaragua, into the Chamber:

The Senator from Maine [Mr. MITCHELL];

The Senator from Rhode Island [Mr. PELL];

☐ This symbol represents the time of day during the House proceedings, e.g., ☐ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

The Senator from Connecticut [Mr. DODD];

The Senator from Massachusetts [Mr. KERRY];

The Senator from North Carolina [Mr. SANFORD];

The Senator from Florida [Mr. GRAHAM];

The Senator from Virginia [Mr. ROBB];

The Senator from Kansas [Mr. DOLE];

The Senator from Wyoming [Mr. SIMPSON];

The Senator from Mississippi [Mr. COCHRAN];

The Senator from South Carolina [Mr. THURMOND];

The Senator from Indiana [Mr. LUGAR];

The Senator from South Dakota [Mr. PRESSLER]; and

The Senator from Florida [Mr. MACK].

The Doorkeeper announced the Ambassadors, Ministers, and Chargés d'Affaires of foreign governments.

The Ambassadors, Ministers, and Chargés d'Affaires of foreign governments entered the Hall of the House of Representatives and took the seats reserved for them.

At 11 o'clock and 5 minutes a.m. the Doorkeeper announced the President of the Republic of Nicaragua.

The President of the Republic of Nicaragua, escorted by the committee of Senators and Representatives, entered the Hall of the House of Representatives, and stood at the Clerk's desk.

[Applause, the Members rising.]

The SPEAKER. Members of the Congress, it is my great privilege, and I deem it a high honor and personal pleasure, to present Her Excellency, Violeta De Chamorro, the President of the Republic of Nicaragua.

[Applause, the Members rising.]

ADDRESS BY HER EXCELLENCY VIOLETA B. DE CHAMORRO, THE PRESIDENT OF THE REPUBLIC OF NICARAGUA

(The following address was delivered in Spanish and rendered in English by an interpreter.)

President DE CHAMORRO. Mr. Speaker of the House, Mr. President of the Senate, Members of Congress, before beginning, let me thank you for the very warm applause and welcome. I feel as if I am campaigning once again.

In 1979 I chose to follow the difficult path of politics. I felt that I owed something to the memory of my husband, Pedro Joaquin Chamorro.

I became terribly disillusioned during that year. The Sandinistas deviated from the course of the 1979 revolution and turned against democracy, against free economic initiatives, and against human rights.

That's why I resigned from the Provisional Government Board in April 1980.

That's also why I accepted the Presidential nomination in 1989.

And we won. And now we're transforming our country and giving it dignity by setting up the framework for a republican democracy.

In the past few years, Nicaraguans have shed many tears and much blood. Many thousands of patriots, the equivalent of millions of American lives, died for political causes, for ideological differences, and because basic human rights were restricted and people were prevented from living in peace.

Now, in Nicaragua, the war has ended, the majority of Nicaraguans voted so that they could have peace.

More than 20,000 Nicaraguans who fought for liberty surrendered their arms and returned to being civilians, for there was no longer any reason to bear arms.

I reduced, by two-thirds, the huge army amassed by the previous regime, and I will continue to reduce the Army's size as a step forward in my demilitarization scheme.

From the moment that I took over the Government, the executive branch has religiously respected the freedom and independence of all the Government's powers, the democratic liberties, and human rights.

We did away with the policy of public institutions having to conform to the interests of one political party, one group, or one person.

We also did away with the delirium of a totalitarian ideology; Nicaraguans no longer have to kneel before the State.

Now the principle of freedom prevails so that people can speak openly, move within their country freely, work and run their own businesses profitably.

The last time that I addressed Nicaragua's Congress, I stated that it isn't an easy feat to bring democracy to a country.

But if a democratic system is being built from the ruins of a dictatorship, and a civil war—from the ruins of an economic disaster—the feat is not only difficult, it is almost impossible.

However, Nicaraguans have accepted this as their challenge.

Justice is the one element that cannot be missing from this system. Crimes cannot remain unresolved, as we have witnessed in the past.

My Government is committed to radically reduce Government intervention in the economy and the enormous bureaucratic apparatus that we have inherited.

Our Congress approved a law that authorizes private banks to operate and encourages foreign investments and is studying the privatization law in order to convert Government businesses.

We are rapidly advancing toward the establishment of a social market economy. Restrictions on prices and salaries must be lifted.

We have initiated a serious economic stabilization program, accompanied by corresponding tax reforms, to discipline the public to share the burden of real costs, to encourage domestic production, and to stimulate private domestic and foreign investment.

Senators and Representatives: We are raising a Republic from the ashes of a previous period in our history that has left our country saddened, but has taught us a great deal.

No path leads to happiness if liberty is oppressed and human rights disrespected.

In Nicaragua an authentic revolution is beginning. It is a revolution for democracy and liberty, a revolution for which Nicaraguans have longed, a revolution that will serve as a model to other countries.

The consequences of militarism, which only succeeded in making our country suffer, have forced us to assume the leading role in Central America, to transform our region into a "zone of Peace and Cooperation"; an area of international security, of democracy, and of economic prosperity.

In this sense, it is important to reiterate that Nicaragua does not now tolerate, and will not tolerate sending arms to neighboring countries. Our policy is to punish these types of actions.

In following this policy, we were able to successfully take action and recuperate the missiles which only last December were in the hands of Salvadorean guerrillas.

Senators and Representatives, when we first heard the news about the fall of the Berlin Wall, I found myself in Washington, DC, in a working meeting with Speaker FOLEY and other Members of the House of Representatives. At that time I was a Presidential candidate.

I realized then that, in the same way, all of the walls that infringe upon democratic rights and liberties would fall.

It pleases us that we have contributed to this current in contemporary history, which no human force is able to distort or prevent.

As I expressed in September 1990, before the United Nations General Assembly, democracy now belongs to all people.

There is no doubt that the United States is playing one of the lead roles in this democratization process that is shaking up the whole planet.

Friends, we have arrived at a time when we can put an end to the conflicting realizations between our Governments, and we need to concentrate our efforts on constructing a new institutional relationship which reflects the friendship between the peoples of our two countries.

Within Nicaragua, we are instituting a policy of national reconciliation—with perseverance and firmness—and of deep respect for human rights.

At the same time, we are promoting a policy of reconciliation in our international relations.

The National Assembly of Nicaragua is discussing an initiative that I presented last April 4, to change previous government legislation that obliged Nicaragua to maintain a confrontational relationship with the United States.

The majority of the Nicaraguan people do not believe in this law. All of the people who voted did so not only to achieve internal peace, but also to end international confrontations.

We are restoring the friendship between the United States and Nicaragua, and we need to establish a strong common commitment for the future of our countries and our peoples.

Nicaragua is part of a new democratic Central America which is both working for, and hoping to, achieve unification in the near future in order to compete worthily with the rest of the world—one Central America which is becoming a zone of peace, liberty, and free trade, integrated in the near future to Venezuela and Mexico.

For a unified Central America, the new decade will be one of transition as we move toward the 21st Century, it is also the decade of exemplary relations between our countries and the United States.

Finally, it is important to note, ladies and gentlemen, that our efforts to strengthen freedom, establish democracy and set up a state of law have to be accompanied by economic prosperity.

The people of Latin America applaud the efforts of the Enterprise for the Americas Initiative that President George Bush created and presented during the recent meeting that took place in San Jose, Costa Rica with the Partnership for Democracy and Development. By the same token, we support the free trade zone between Mexico and the United States.

I would especially like to thank you, the representatives of the American public, for the generous assistance that you and the Government of the United States have given to the Nicaraguan people for our reconstruction.

Nicaragua needs extraordinary international cooperation. Our economy has been destroyed. Our productive capacity has remained dismantled. The country was totally decapitalized. In addition, we have to protect our natural resources and promote policies that will protect the environment.

We need steadfast financial assistance from the United States throughout this entire decade to reconstruct our economy, following the terrible damage incurred during the past decade.

We urgently need foreign investment, credit, and international cooperation in order to permit our people to develop their creative talents and to let us rise from the ashes left for us by past dictatorships.

Only in this way will we be able to realize the dreams of our people—a people that have heroically suffered in order to strengthen democracy and liberty in their country.

Senators and Representatives, let me be so bold as to make my own a thought from Abraham Lincoln: "The security that we have is the love of liberty that God has planted in our breast."

God bless America.

Thank you very much.

[Applause, the Members rising.]

At 11 o'clock and 34 minutes a.m., the President of the Republic of Nicaragua, accompanied by the committee of escort, retired from the Hall of the House of Representatives.

The Doorkeeper escorted the Ambassadors, Ministers, and Chargés d'Affaires from the Chamber.

JOINT MEETING DISSOLVED

The SPEAKER. The purpose of the joint meeting having been completed, the Chair declares the joint meeting of the two Houses now dissolved.

Accordingly, at 11 o'clock and 35 minutes a.m., the joint meeting of the two Houses was dissolved.

The Members of the Senate retired to their Chamber.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The House will continue in recess until 12 noon.

□ 1200

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 12 noon.

ELECTION AS MEMBER OF COMMITTEE ON EDUCATION AND LABOR

Mr. MICHEL. Mr. Speaker, I offer a privileged resolution (H. Res. 124) and ask for its immediate consideration.

The clerk read the resolution, as follows:

H. Res. 124

Resolved, That Representative EDWARDS of Oklahoma be and is hereby elected to the Committee on Education and Labor.

The resolution was agreed to.

A motion to reconsider was laid on the table.

KURDISH SITUATION: THERE IS NO NOBILITY IN SILENCE

(Mr. PETERSON of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PETERSON of Florida. Mr. Speaker, today we bear witness to the suffering of children. We hear stories of cruelty beyond our human comprehension, and we turn away in horror. We must turn back and face the children. We can do no less.

I introduce the Kurdish resolution so that we may encourage the President to take immediate action to save lives, feed starving children, and assume moral, as well as tactical, leadership in the Middle East.

As 2 million Kurdish people are fleeing from Saddam Hussein, and 1,000 are dying with each passing day, there is no more time to deliberate.

We are faced with a test of our values, as a nation, as an institution, as individuals. As long as we stand silent as the Kurdish people cry out for help, we betray our own hearts. As long as we turn away from the sight of their pain, we belie our own history. There is no nobility in silence.

Today, we urge the President to treat the Kurdish situation as his highest national priority and to lead the United Nations in a dual effort to provide protection and massive relief for the Kurdish people. As we condemn crimes against humanity that recall the blackest periods in the history of our civilization, we can do no less.

PATENT NONSENSE

(Mrs. BENTLEY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. BENTLEY. Mr. Speaker, the U.S. patent system is the genius of America's industrial might. Patents provide new products and designs resulting in jobs for millions of Americans. Since the filing of the first patent in 1790, the U.S. system operated for the inventor to file whether improverished or rich. Not now. We are setting up an obstacle course for the small inventor so that only the rich can afford to patent.

We raised the fees for patents in just 9 years from $65 for an initial filing fee and total costs of $177 for a 17-year patent to a 4-year grant for $1,405. With additional fees you can then get the 17-year grant for $3,905. We are now raising that fee another 89 percent. Where is our common sense?

The Japanese understand the importance of patents. After a series of meetings 10 years ago, the Japanese decided that to be an industrial power, Japan needed to target the American patent system. They have succeeded. We should learn from Japan.

If this fee increase goes through only the rich will be able to file a patent. We cannot kill the goose that laid the golden eggs by taxing our inventors. This is patent nonsense.

UNOFFICIAL OBSERVERS FROM THE HOUSE TO STRATEGIC ARMS REDUCTION TALKS AND CHEMICAL WEAPONS TALKS

(Mr. FOLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. FOLEY. Mr. Speaker, I am inserting in the RECORD at this point a list of the unofficial observers from the House to the strategic arms reduction talks and the chemical weapons talks.

Pursuant to an agreement with the Republican leadership of the House, and with the joint leadership in the Senate, there will be observers from the House, from the Democratic side and from the Republican side, to the strategic arms reduction talks and to the chemical weapons talks.

The observers to the strategic arms reduction talks from the Democratic side will be as follows:

Messrs. GEPHARDT of Missouri, FASCELL of Florida, ASPIN of Wisconsin, DOWNEY of New York, DICKS of Washington, MOODY of Wisconsin, TORRES of California, MAVROULES of Massachusetts, AUCOIN of Oregon, CARR of Michigan, and BERMAN of California.

And from the Republican side will be as follows:

Messrs. BROOMFIELD of Michigan, DICKINSON of Alabama, LAGOMARSINO of California, COLEMAN of Missouri, EDWARDS of Oklahoma, Ms. SNOWE of Maine, Messrs. BEREUTER of Nebraska, MARTIN of New York, BATEMAN of Virginia, KYL of Arizona, and GOSS of Florida.

The observers to the chemical weapons talks from the Democratic side will be:

Mr. OWENS of Utah and Mr. LANCASTER of North Carolina.

And from the Republican side will be:

Mr. PORTER of Illinois and Mr. HEFLEY of Colorado.

PERFORMANCE-BASED BUDGETING BILL

(Mr. LEWIS of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEWIS of California. Mr. Speaker, this is budget week on the floor. That is why I am introducing today a performance-based budgeting bill. Obviously there is waste and inefficiency in a trillion dollar budget. My bill is nearly identical to S. 20, introduced by Senator ROTH of the other body. It would require Federal agencies to establish quantifiable standards of performance for all Federal programs and include them in their budget each year.

Performance standards would also be included in congressional spending bills. Congress would then have a better framework for establishing their budget process.

This bill goes beyond the current stalemate over taxes and spending reductions, to the heart of our budget troubles. Without goals, there can be no accountability. It is accountability that the taxpayer demands and deserves.

WILLIE HORTON, MOVE OVER

(Mr. GRAY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GRAY. Mr. Speaker, "Willie Horton, move over." The administration needs a new "Willie Horton" for the next campaign. So, just when the business community and civil rights leaders are trying to find common ground on civil rights, John Sununu and Borden Gray, no relation to this speaker, reportedly called the Business Roundtable and begged them not to do it.

The genius of this country is that it can reach consensus on the issues dividing us. The lions and the lambs may not be able to lie down together, but at least they can sign a treaty.

But is the White House happy? They do not want a compromise. They are trying to scuttle an agreement, any agreement.

The business community wants to keep hope alive. The White House just wants to keep quotas alive. They need it for 1992.

Willie Horton, your moment of glory is over. I thought you were as low as folks could go, but I guess there is always the next level, down.

WE STAND BEHIND OUR FRIENDS IN CENTRAL AMERICA

(Mr. GOSS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GOSS. Mr. Speaker, pick up a newspaper, turn on the TV, listen to the radio: these are exciting times. We witnessed the collapse of the Berlin wall, and the freedom movements in Eastern Europe and the Soviet Union. We have watched with pride as the nations in our own hemisphere make significant strides toward democracy.

Next month the small country of Suriname will hold it first democratic elections—leaving Cuba as the last Communist dictatorship in the region. But the region's grip on democracy is tenuous. Today our respected friend President Violeta Chamorro is here to eloquently remind us that Nicaragua is struggling and needs our support. She is not alone. All the Central American nations need our help with training, equipment, and other resources. They cry out for strengthened legal systems, streamlined judiciaries, and more effective constituent services to build a popular support base.

We have offered such assistance to Czechoslovakia, Hungary, and Poland. Now it is time to help our southern neighbors. Today I have introduced the inter-American partners in democracy resolution which aims to encourage legislative development to further strengthen the foundations of democracy in Central America.

Of course we do need a workable foreign aid package, providing for reasonable debt relief and encouraging greater economic development. But for today, we should send a clear message to our friends in Central America that we stand behind them in support of democracy.

PRINTING OF PROCEEDINGS HAD DURING THE RECESS

Mr. TRAFICANT. Mr. Speaker, I ask unanimous consent that the proceedings had during the recess be printed in the RECORD.

The SPEAKER pro tempore (Mr. MCNULTY). Is there objection to the request of the gentleman from Ohio?

There was no objection.

□ 1210

THE IVY LEAGUE'S SKULL AND BONES

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, those bones, those old Ivy League Skull and Bones. Last week this secret society, Yale Unviersity's Skull and Bones, so secret that a member will not admit being a member, shut the door, shut the lid on the casket. They locked up their hideout, known as the Tomb.

The result was real simple. The alumni just could not take it any longer. The new class wanted to admit women. That is right, women. The alumni said, "Absolutely not. There will never be any women in Skull and Bones, and we will shut it down first."

Mr. Speaker, one of the most famous of the alumni is the President. Are we suggesting that this attitude had anything to do with the veto of the civil rights bill or family medical aid? Absolutely not. I am not saying that, but let me say this: that evidently Skull and Bones is more than just a secret society. There are some that say it is a way of life, from the womb to the tomb. Once a Bones man, always a Bones man.

AMERICA'S RESPONSE TO HOLOCAUST II

(Mr. RAVENEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RAVENEL. Mr. Speaker, what is the matter with us? For the third week now, we see Holocaust II occurring before our eyes in Iraq. Yet America's response to the misery, dying, and desperation of those children, pregnant women, the old, the sick, and indeed all those pinned there like animals in those freezing mountains has been shamefully small. Why is the rhetoric of our leaders so defensive and apologetic? Are the deaths of these infants and innocents weighing on our consciences? Of course they are. Why is a Gus Pagonis or Schwartzkopf in Turkey not coordinating massive relief that only we can give? Why is Secretary Baker in Ankara and Tehran not urging increased efforts? Why have our plentiful hospitals, soup kitchens, doctors, nurses, and support personnel not been adequately deployed? Have we won a great war to now lose our honor and reputation as a compassionate nation in what tragically has become not a peace, but a genocide?

ADMINISTRATION SABOTAGES NEGOTIATIONS ON CIVIL RIGHTS

(Mr. JONES of Georgia asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JONES of Georgia. Mr. Speaker, there has been a reliable report that the Bush administration is attempting to sabotage negotiations between those civil rights leaders and business leaders who are trying to reach a compromise on the civil rights bill.

The administration says it wants a civil rights bill which restores the protections guaranteed before the 1989 Supreme Court rulings, yet its actions destroy their credibility and pretense of sincerity in this matter.

The question which arises is clear: Does the administration prefer a divisive issue which appeals to prejudice or does it prefer a compromise bill that appeals to the best interests of justice in the American character?

Mr. Speaker, I grew up in a time and place of strict racial segregation, of demeaning discrimination, of white supremacy.

I have heard the subtle voice of racial demagoguery. This cynical tactic sounds like it, looks like it, and it smells like it.

CIVIL RIGHTS DISCUSSIONS MUST MOVE FORWARD

(Mr. PRICE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PRICE. Mr. Speaker, we are nearing a crossroads. Civil rights and business groups are working to produce a civil rights bill that gets beyond the rhetoric and addresses the question of equal opportunity in a sensible way.

We should encourage that process of reconciliation. Our country needs to be unified on how best to end discrimination and expand opportunity in our society, and these talks offer a way. Unfortunately, the administration, at least John Sununu and Boyden Gray, are trying to derail these talks. They would apparently rather inflame political passions than reach agreement on a bill which is critical to increasing opportunities and utilizing the full talents of women and minorities in our society.

I call on the President to reject the callous advice of his advisors and be a moral leader on this issue, working to encourage cooperation and compromise.

Both sides have legitimate concerns and grievances. While allowing for compensatory and punitive damages in title VII cases, there should also be a limit on these penalties so that businesses are not faced with a rash of suits as lawyers prospect for big awards without regard to the merit of the claim. At the same time, businesses should be held to a higher measure of proof with regard to the "business necessity" of their employment practices then they are under current court rulings. We should work toward a flexible and fair standard that does not make the "business necessity" test a loophole but responds to legitimate business needs. Overall, we must develop a policy that encourages resolution and settlement, not confrontation.

The current talks offer that possibility. We in Congress should support these talks and urge the parties to reach a successful conclusion. We face a fundamental choice: Do we want an issue or a bill. Are we willing to divide our people to win partisan advantage or do we want a fair and just resolution of this issue? I urge the administration and my colleagues to choose the latter course.

COMMENDING THE PRESIDENT FOR HIS INVOLVEMENT IN IRAQ

(Mrs. KENNELLY asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. KENNELLY. Mr. Speaker, yesterday the Vice President of the United States had occasion to go to my State of Connecticut to visit. On the way to the event that he was attending, he stopped at a restaurant by the name of Friendly's to say hello. After he left, a young woman was heard to say over and over again, "I can't believe it. I am going to be on television. I can't believe it. I am going to be on television."

For good or ill, what we have to realize is that our young people see what they see on television as more real than life itself. And that is the reason this morning that I stand here to commend our President for getting involved once again in the situation in Iraq. There is no doubt that what is happening to the Kurds is one of the worst things we have seen in modern times, and at the same time that the young people see our people be so proud of our soldiers as they come home, we show our pride in our excitement, at the same time our young people see these refugees and see what they are suffering. So I think it is only right and proper that we involve our armed forces in helping these people, and I thank you, Mr. President, for getting us involved once again.

FULL FUNDING FOR REVENUE FORGONE

(Mr. McCLOSKEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McCLOSKEY. Mr. Speaker, the current House budget proposal slashes over half of the revenue forgone allocation for reduced postage rate for nonprofit organizations. It is imperative the higher Senate budget figure be adopted in conference. Chairman PANETTA has told us this will occur. Reduced funding for revenue forgone will impair the American Red Cross, Catholic charities, the March of Dimes, and the American Heart Association in efforts to house the homeless, sustain those suffering tragedy, and undertake valuable medical research.

For every dollar expended for revenue forgone, nonprofit charities receive $80 in contributions. This reduction not only would be disastrous for nonprofits fundraising but would decimate their private funding efforts. Direct mail from nonprofit oranizations has a leveraging effect, getting individuals to volunteer time for a particular cause such as operating a soup kitchen.

Any conference report which does not include full funding for revenue forgone would be fatally flawed and should be soundly rejected.

THE IMPACT OF THE BUDGET ON HEALTH CARE

(Mr. GUNDERSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GUNDERSON. Mr. Speaker, this past weekend I held a health care retreat in my district. One of the major surprises of that health care retreat was that we had probably twice as many people as I had anticipated when we planned it.

I think the reason for that is obvious to everybody. Health care is a crisis in America today. Yet as we begin this week's discussion of the budget, I have to tell the Members that I am concerned, and I hope other Members will share that concern, that the budget passed out of the Budget Committee last week provides not one dime to continue any of the tax extenders. Whereas that may sound generic, the hard core reality is that we are now telling the self-employed in this country who have been discriminated against because they have only had a 25 percent credit for the cost of their health care insurance, that they will get nothing.

Mr. Speaker, if Members think 35 million people without health insurance is a number that is too small, that we ought to expand that number, then I would encourage them to either vote for the Democratic budget as it is or take a look at the Republican alternative and recognize that the President, to his credit, making the tough decisions, understood that health care is a crisis in this country, that it is a special crisis for the self-employed, and that he does provide in his budget the funding to continue that deduction at 25 percent when in reality it ought to be somewhere between 50 and 100 percent.

MASS TRANSPORTATION AND THE BUDGET

(Mr. MAZZOLI asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MAZZOLI. Mr. Speaker, today and probably tomorrow we will take up the fiscal year 1992 Federal budget. One aspect of that budget that I would like to speak about for the moment is that dealing with mass transportation.

Coming from the urban area of Louisville and Jefferson County, KY, let me say that mass transportation through our TARC system is of vital importance to many of us who live in the community.

□ 1220

Yet notwithstanding that, Mr. Speaker, at a time when funding for Federal mass transportation over the last decade has gone down by 50 percent, if you take into consideration inflation, and at a time when, having emerged from the Gulf war, knowing that energy conservation and energy efficient transportation are vital to the future of this country, the President's recommended budget would only improve mass transit by $70 million.

Mr. Speaker, I support and intend to vote for the Democratic alternative budget, which provides $211 million of increase in Federal support for mass transportation. I believe if we are serious about trying to move to energy conservation and to energy-efficient transportation, if we are serious about improving the economic conditions in this land, and if we are serious about improving the lot of urban people who depend upon mass transportation, that we will certainly vote for the budget which emerged from the Committee on the Budget, which is the Democratic budget.

NATIONAL COMMITMENT TO SCIENCE AND TECHNOLOGY NEEDED

(Mr. WALKER asked and was given permission to address the House for 1 minute.)

Mr. WALKER. Mr. Speaker, if there is one thing we are generally agreed upon, it is that science and technology need to be in place in order to drive the economy of the next century. If this Nation is going to provide leadership for the next century, we are going to have to be very, very strong in science and technology.

Therefore, it is extremely disturbing that the Democrats have brought forth a budget which emasculates our science and technology programs. It cuts the spending that the President proposed to make in our space effort; it cuts the spending that the President proposed for our science efforts; it cuts back on our commitment to build new technology for the future. But it goes even further than that. It says that we are not going to extend the research and development tax credits that businesses need in order to develop the technology for the next century.

In other words, the money that businesses invest in the technology of the future, they will no longer be able to take as a tax credit under the Democrats' budget. They eliminate that tax credit, which is something that is vital for high technology.

Mr. Speaker, it is apparent that at a time high technology is needed, at a time we need high tech, the Democrats have decided to low-ball our commitment, our national commitment, to science and technology.

ACTION MUST BE TAKEN IMMEDIATELY TO PROTECT AND SAVE KURDS

(Mr. HOYER asked and was given permission to address the House for 1 minute.)

Mr. HOYER. Mr. Speaker, I rise with so many other of my colleagues to express my outrage and my compassion and my desire that the administration move quickly and decisively with respect to the problems of the Kurds. After World War II, we decided that collectively as an international community we would not only condemn genocide, which had been condemned before, but that we would join together to act against it.

More recently, Saddam Hussein was compared to Hitler. Day after day that analogy, I think, is more apt than the President made initially. We see the terror that he visits on his own people. We see them fleeing, the creation of refugees.

Mr. Speaker, we waited, frankly, too long. We responded too late. But it is never too late to do the right thing, and we are responding now. I hope the President and this Congress and this country use the same kind of decisive, direct, able creation of coalition in the international community to go in and protect and save innocent people and lives.

Mr. Speaker, we have moved late, but move now we must.

CONTINUED SUCCESS FOR VIOLETA B. DE CHAMORRO AND THE REPUBLIC OF NICARAGUA

(Mr. RAY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RAY. Mr. Speaker, I have joined Members today in congratulating Mrs. Chamorro on her excellent speech to the Congress. We all commend her on the great job she is doing and the work she is undertaking. We have heard her words and we have seen the work that she has undertaken in the name of freedom and democracy for that country, which has been through so much anguish during the last few years.

President Chamorro has just begun her official 6-year term. We pray for her continued success in her reform efforts. We commend the accomplishments which she has already achieved.

Mrs. Chamorro initiated serious economic reform to turn her country toward economic stability and prosperity. She has begun work to improve Nicaragua's education system and improve the lives of all of her citizens. She has begun to restore the property rights of her citizens and compensate those who have been so unjustly affected.

Mr. Speaker, I am very much encouraged to see the distribution of agricultural territory to the countrymen, and the concern she has shown for the importance of privatization and for recognition of those who served as the Contras.

Mr. Speaker, I commend these efforts, and I am hopeful that the reforms we have seen are just the beginning of a new era in Nicaragua, an era of peace, democracy, and hope, for this great country and for her people.

Mr. Speaker, Violeta Chamorro desperately needs the support of America and the free world. Her visit today in my opinion will greatly enhance her efforts.

AMERICA SHOULD NOT BE CONSIDERED INTERNATIONAL RELIEF EFFORT OF THE WORLD

(Mr. RICHARDSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RICHARDSON. Mr. Speaker, we all admire President Chamorro of Nicaragua and wish her well, but we cannot bail out every country that is in trouble. We are not a candy store. We are $3 trillion in debt. Our own people are screaming for help, in health care, in education. We have a crisis here at home.

Mr. Speaker, President Chamorro is a courageous leader, and Nicaragua has gone through a lot. But there are limits on what we can do. We cannot continue to propagate foreign policy, foreign assistance spending, while this country continues to mire itself in more trouble.

Mr. Speaker, President Chamorro is a good, positive leader, but she has to resolve her own problems. We can help to a point, but we should not be considered the international relief effort of the world. Those days are over.

DIALOG NEEDED ON FAIR AND PRACTICAL CIVIL RIGHTS LEGISLATION

(Mr. TALLON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TALLON. Mr. Speaker, I rise today appalled by what appears to be an obvious stalling tactic by the President in regards to the formulation of a reasonable and practical civil rights bill.

While groups and individuals on both ends of this serious and important issue have agreed to come together to try and work out their differences, our President has chosen a course of meddling and interference in this constructive process.

What America needs now, more than ever, is for the President to show that he is committed to fair and practical civil rights legislation.

What we don't need are his attempts to create a campaign issue for political gain.

One of the basic tenets of our democratic system is that individuals with opposing views can sit down together, agree to disagree, and then work together toward finding common ground.

This is healthy and we all should do our part, including the President, to encourage this needed dialog.

JUST SAY "NO" TO MEXICO FREE-TRADE AGREEMENT

(Mr. APPLEGATE asked and was given permission to address the House for 1 minute.)

Mr. APPLEGATE. Mr. Speaker, I ask the Congress of the United States to just say "No" to the Mexico free-trade agreement that we are trying to put forth. Now, this is not just Mexico bashing, as we always talk about Japan bashing. This is just bad trade bashing.

Mr. Speaker, why do we subject ourselves to these trade policies, when we continually move our industries out of the country and move our jobs out of the country? Why do we do this to ourselves?

With Canada, it is all right. They are on pretty much of an equal level, so we can have this equal trade. But Mexico, where they are paying their workers 70 cents an hour, where they are subsidizing their industries, and where there are bad loans that have been made, bad loans that they are not going to pay back, where they cannot even pay back the interest, and the Government is probably going to forgive them, if they can.

Mr. Speaker, I do not think we can continue to do that. I do not know why we continue to bash ourselves. It is the worst thing in the world, particularly now, when the United States spends money to find out that the Japanese are endangering sea turtles. Why do we not find enough money here to find out why they are endangering the American worker?

AMERICAN WORKERS STARTING TO FEEL LIKE KURDS

(Mr. GEJDENSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEJDENSON. Mr. Speaker, the American worker is starting to feel somewhat like the Kurds. Left behind by this administration in its rush to take care of other international issues, American workers are ignored, and their fate is left to linger in the wind.

Mr. Speaker, we have just gone through a week where base closings in this country were announced. Everybody understands that we need to tighten our belt.

But when we look and see that there are still some 224 bases in Germany alone, and across the globe dozens of bases where Americans are not wanted, to lay off American workers, to dislocate American workers when there are plenty of bases around the globe that ought to be looked at first, seems to me to be a foolish act. We need to find a way to help dislocated workers in this country. We need to make sure that American workers get the kind of protection they deserve.

This is one of the reasons I think that the Bush administration is gettinng some trouble on the Mexico Free Trade Agreement. Workers who have been dislocated and left behind before build the political opposition to new trade agreements that may leave more workers behind. I think we ought to have a Mexico Free Trade Agreement, but unless we can give some guarantees to American workers, the political opposition to it may grow in this country as well.

RESOLUTION OF INTERNATIONAL EFFORT TO END THREAT OF SADDAM HUSSEIN

(Mr. McEWEN asked and was given permission to address the House for 1 minute.)

Mr. McEWEN. Mr. Speaker, the fierce controversy that surrounded the indecision and delay by the administration over the question of providing humanitarian assistance to the Kurdish refugees huddled high in the mountains of northern Iraq is going to look retrospectively tame compared to the coming debate on aid to the civilians in Iraq proper.

Why would assistance to Saddam Hussein's Iraq be seriously considered as long as Saddam Hussein remains firmly in power? Because a crisis of mammoth proportion is brewing up around the destroyed infrastructure of Iraq.

Incredibly, the State Department diplomats insist on paying homage to the principle of sovereignty within international borders—regardless of the genocide being committed within those borders. This myopia is forcing the international community into an unnecessary moral dilemma.

The concept of assisting Saddam Hussein's regime in its effort to rebuild Iraq is repulsive. The civilized world was forced into the military conflict with Iraq by the brutal aggression of Saddam Hussein against a neighbor. The atrocities that were carried out against the people of Kuwait—murder, rape, pillage, and wholesale destruction—compound the initial crime.

It is necessary to look at Saddam Hussein's past to put his most recent crimes against humanity into perspective. On the heels of a dictatorship marked by wholesale terror and murder, a war of aggression against neighboring Iran, and the brutal suppression of internal insurgencies marked by the use of chemical weapons against civilians, it is obvious that the actions of the past 8 months are completely in character for Saddam Hussein.

The international community, under the peerless and unprecedented leadership of President Bush, rallied behind the spirit of collective security to crush Hussein's illegal aggression. In that process it was a military necessity to destroy the modern infrastructure that supported Hussein's war machine.

The International Red Cross now warns that a public health catastrophe of immense proportions threatens Iraq. Famine and pestilence are threatening to cut a deadly swath across Iraq. These deaths are directly attributable to Saddam Hussein. Should he be allowed to add this to his already morbidly impressive killing credentials? The only moral answer is "No."

George Bush stood up and stopped Saddam Hussein at his first step of conquest. He did that because he had seen a policy of appeasement that cost

55 million lives to learn in World War II. Now, we must look to that time again and be guided by the lessons of history. Does anyone seriously believe that had Hitler yelled "Uncle" as Allied forces marched into Germany from the east and west in 1945, that the world would have stopped short of ending his rule? Would we have simply scolded him and headed for home?

It is unacceptable for the world to face the moral dilemma of aiding Saddam Hussein's regime or allowing millions to die from starvation and disease. There is a point where a dictator crosses the line from common thug to international criminal—Adolf Hitler certainly set that precedent in the modern age. Saddam Hussein crossed that point, and the United Nations Security Council must now act in unison to end this macabre chapter in history.

The Foreign Minister of Germany has called for a Nuremburg-style international tribunal to hold Saddam Hussein accountable for his crimes. Just as the United Nations is founded on the principle of collective security that was learned in two bloody world wars, it was also born of the ultimate brutality Hitler practiced against his own people. In fact, Hitler's policy of genocide toward the Jews gave rise to a 1948 U.N. Convention outlawing genocide and empowering the international community to intervene whenever and wherever a despot resorts to it.

Now is the time for the United Nations Security Council to end the rule of Saddam Hussein and prove that it can function as the founders envisioned—stopping both aggression and genocide. Just as the United States was the only country that could take the lead and overturn Hussein's aggression against Kuwait, the United States is the country that must take the lead to mobilize the international community of nations to end once and for all the threat Saddam Hussein poses to the world and his own citizens.

The President was the single energizing force that rallied both the United Nations Security Council and the United States Congress to stop Hussein. The Congress must now stand up and say: Congratulations, Mr. President, you were absolutely correct. Although many of us were slow to follow before, we are now united in urging you to finish the job with Saddam Hussein.

Toward that end, I have introduced a resolution that commends the President for overturning the occupation of Kuwait, states that the continued rule of Saddam Hussein in Iraq is incompatible with the restoration of peace and security in the Middle East, and urges the President to mobilize the United Nations Security Council in order to achieve a resolution demanding the expeditious replacement of Saddam Hussein as the military and political leader of Iraq.

The President provided a confident and united front to the Congress in its request for the authority to use force to liberate Kuwait. This was crucial in the political success of that course of action. If a statement of unity and confidence on the part of Congress in support of an international effort to end the threat of Saddam Hussein can provide the political support needed to prompt the administration to act, then immediate congressional action is a matter of life and death.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 559

Mr. CARDIN. Mr. Speaker, I ask unanimous consent that the name of our distinguished colleague, the gentleman from Texas [Mr. ANDREWS], be removed from the list of cosponsors of H.R. 559, the Baltic Independence Trade Act of 1991.

The SPEAKER pro tempore (Mr. MCNULTY). Is there objection to the request of the gentleman from Maryland?

There was no objection.

CONCURRENT RESOLUTION OF THE BUDGET—FISCAL YEAR 1992

Mr. DERRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 123, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 123

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution (H. Con. Res. 121) revising the congressional budget for the United States Government for the fiscal year 1991 and setting forth the congressional budget for the United States Government for the fiscal years 1992, 1993, 1994, 1995, and 1996, and the first reading shall be dispensed with. All points of order against consideration of the concurrent resolution for failure to comply with the provisions of section 305(a)(1) of the Congressional Budget Act of 1974 are hereby waived. After general debate, which shall be confined to the concurrent resolution and shall continue not to exceed five hours, including a period of two hours on the subject of economic goals and policies, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Budget, the concurrent resolution shall be considered as having been read for amendment under the five-minute rule. No amendment to the concurrent resolution shall be in order except the amendments printed in the report of the Committee on Rules accompanying this resolution. Said amendments shall be considered in the order and manner specified in the report. Said amendments shall be considered as having been read and shall be debatable for the time specified in the report. Said amendments shall not be subject to amendment, nor to a demand for a division of the question in the House or in the Committee of the Whole, and shall be in order even if amending portions of the concurrent resolution already changed by amendment. If more than one amendment in the nature of a substitute is agreed to, only the last amendment which has been adopted shall be considered as finally adopted and reported back to the House. It shall be in order to consider the amendment or amendments provided in section 305(a)(5) of the Congressional Budget Act necessary to achieve mathematical consistency. At the conclusion of the consideration of the concurrent resolution for amendment, the Committee shall rise and report the concurrent resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the concurrent resolution to final adoption without intervening motion.

The SPEAKER pro tempore (Mr. MCNULTY). The gentleman from South Carolina [Mr. DERRICK] is recognized for 1 hour.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from New York [Mr. SOLOMON], pending which I yield myself such time as I may consume. During the consideration of this resolution, all time yielded is for purposes of debate only.

Mr. Speaker, House Resolution 123 is a modified open rule providing for the consideration of House Concurrent Resolution 121, the concurrent resolution on the budget for fiscal year 1992.

The rule waives all points of order against consideration of the concurrent resolution for failure to comply with the provisions of sections 305(A)(1) of the Congressional Budget Act of 1974, which requires a 5-day layover of a budget resolution.

Mr. Speaker, after general debate, which shall be confined to the concurrent resolution and shall continue not to exceed 5 hours, including a period of 2 hours on the subject of economic goals and policies, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Budget, the concurrent resolution shall be considered as having been read for amendment under the 5-minute rule.

The rule provides that no amendments to the concurrent resolution will be in order except the amendments printed in the report accompanying this resolution, to be considered in the manner and order specified in the report. The rule provides that the amendments will be considered as read, and will not be subject to further amendment or to a demand for division of the question in the House or the Committee of the Whole. The amendments will be in order even if proposing to amend portions of the concurrent resolution previously amended. In addition, each amendment will be considered under a time limit specified in the report.

The rule makes in order an amendment to be offered by Representative FORD of Michigan, or his designee, debatable for 1 hour. In addition, the rule makes in order three amendments in the nature of substitutes which will be considered in the order specified in the report. The rule makes more than one substitute in order in what is sometimes referred to as a king-of-the-hill procedure. Under the king-of-the-hill procedure, provided in this rule, each of the three substitutes can be considered, even after adoption of a prior substitute. Only the last substitute adopted will be reported back to the House.

The substitutes will be considered in the following order: First, the substitute to be offered by Representative DANNEMEYER or his designee, debatable for 1 hour; second, the substitute to be offered by Representative KASICH or his designee, debatable for 1 hour; and third, the substitute to be offered by Representative GRADISON which represents the President's budget, debatable for 2 hours. If Mr. GRADISON does not offer the President's budget, it will be the pending question.

The rule also makes in order amendments necessary to achieve mathematical consistency as provided in section 305(A)(5) of the Congressional Budget Act.

At the conclusion of the consideration of the concurrent resolution for amendment, the committee shall rise and report the concurrent resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the concurrent resolution to final adoption without intervening motion.

Mr. Speaker, House Concurrent Resolution 121 revises the congressional budget for fiscal year 1991 and sets forth the congressional budget for the fiscal years 1992, 1993, 1994, 1995, and 1996. The concurrent resolution proposes a budget which strictly observes the terms of the budget summit agreement reached last year between the Congress and the President. Discretionary appropriations for the defense, domestic, and international categories are all within their appropriate spending caps. The resolution calls for no additional taxes and assumes that any tax cuts or entitlement expansions Congress might enact for the fiscal year will conform to the pay-as-you-go requirements of the budget agreement.

Finally, the budget resolution recommended by the Budget Committee also proposes increased funding for key areas vital to the future economic and physical health of our country, including education and job training, child nutrition and health, veterans' medical care, energy research and development, transportation, antidrug abuse, and anticrime programs. The budget resolution rejects the $25 billion in Medicare cuts included in the President's budget.

The committee made some tough choices in formulating this package, which freezes spending in numerous accounts at 1991 levels or below in order to enable us to increase funding in the areas I have mentioned. I, for one, commend them and their chairman, the gentleman from California, for the yeoman's job they have done.

Mr. Speaker, this budget will serve the needs of America, and especially those of America's working families, in the coming fiscal year and beyond. I urge all Members to support the rule and the budget resolution.

□ 1240

Mr. Speaker, I reserve the balance of my time.

Mr. SOLOMON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to first of all commend the chairman of the Committee on Rules, the gentleman from Massachusetts [Mr. MOAKLEY], and certainly the gentleman from South Carolina managing this rule, along with the chairman of the Committee on the Budget, the gentleman from California [Mr. PANETTA], for cooperating with Republicans in working out the provisions of this rule.

The rule will allow sufficient time for a full debate on the differences between the President's budget and the alternatives presented by the other side of the aisle.

In addition, the rule will give the House an opportunity to consider two very well thought out alternative budgets, one offered by the distinguished gentleman from California [Mr. DANNEMEYER], and the other presented by the able gentleman from Ohio [Mr. KASICH]. Each of these alternatives represents an enormous amount of thought and work by the Members who put them together.

Mr. Speaker, all three of these Republican alternatives, I might say, comply with the recommendations of the chairman, the gentleman from Massachusetts [Mr. MOAKLEY], last week that he made on the floor of the House that Members offer amendments in the nature of a substitute rather than cut-and-bite amendments.

Of the four amendments made in order under this rule, only the three Republican packages comply with the chairman's guidelines. So we certainly have done our share to cooperate.

Mr. Speaker, in the Committee on Rules there were two other proposals worthy of serious consideration which were not included in this rule. One proposal by the gentleman from Pennsylvania [Mr. GEKAS] was sense-of-the-Congress language that there should be an automatic continuing resolution to prevent Government shutdown at the end of the fiscal year. That was a very important amendment, and I wish it could have been allowed under this rule. The other offered by the gentleman from Illinois [Mr. FAWELL] provided the Committee on Rules should not waive the 3-day-layover requirement on any appropriations or direct-spending bills in fiscal year 1992.

Mr. Speaker, the gentleman from Illinois is trying to get at a problem which concerns many of us in this House on both sides of the aisle. Mr. Speaker, a piece of legislation goes nowhere for weeks on end around here, and then suddenly it starts to move and is pushed through so quickly that Members on both sides of the aisle do not have adequate time to find out what they are being required to vote on on the floor of this House. We have seen it happen time and time again.

Mr. Speaker, the 3-day-layover requirement is there to make certain that Members of this House have an opportunity to know what they are voting on, and the Committee on Rules should not waive that important protection routinely if ever.

By the end of the last Congress, we got to the point where important provisions in the Budget Act and the House rules were waived far, far too many times. As a matter of fact, 56 percent of the rules reported in the last Congress either waived all points of order or waived specific provisions in the Budget Act. If the Members want to know how we run up deficits in this country, that is how.

The House will not have an opportunity to vote on these proposals by the gentleman from Illinois, but I do hope the majority leadership will take note of the problem. We ought to sit down and try and iron this problem out.

Mr. Speaker, with regard to the budget resolution, I support the President's proposal. The President's budget provides a complete package with no smoke and mirrors. It is clear to anybody who wants to take the time to read it. Among other things, it provides for incentives for savings and investments so badly needed today in this recessionary period. For example, it proposes extending several tax incentives such as the research and experimentation tax credit and the low-income-housing tax credit badly needed today for jobs, especially in the building and construction industry.

The President also offers proposals to boost savings with the family savings accounts and promotes growth in disadvantaged areas with enterprise zones, terribly, terribly important today.

The President deals with the difficult problem of escalating entitlement programs which comprise more than half the Federal budget today. The cost of the Medicare Program has nearly tripled in the last decade, nearly tripled. You want to see what has happened to the budget? Look at that end of it.

A recent report by the Advisory Council on Social Security projects that Medicare's hospital insurance trust fund will go broke in 15 years. We have got to be here to take care of that.

At the same time, roughly $150 billion of the Nation's $650 billion in annual health care, and listen to this, goes for tests and procedures to protect doctors from malpractice suits and not for needed medical care. That is, $150 billion of the $650 billion. That is roughly 25 percent of the taxpayers' contribution. That is a shame.

Mr. Speaker, the President's budget tackles the problem of entitlement growth. The Democrats ignore it in their budget. The Democrats do not deal with the broad range of issues covered by the President's budget. Instead, they rearrange the domestic discretionary accounts in limited areas, but even here they seek to advertise only the accounts that would receive more money. They do not talk about their victims.

Mr. Speaker, the proposals of the Democrats call for $919 million in unspecified budget reductions and undistributed offsetting receipts. That is what I was talking about with smoke and mirrors.

Mr. Speaker, the unfortunate Americans who will bear these burdens are not identified in the Democrat budget.

At least President Bush's budget clearly indicates where cuts are being made, where additions are being made. Because they assume a more rosy economic scenario in the short term, the Democrats have cut $431 million from the administration of the unemployment compensation account. Yet, unemployment just went up again last month. You are going to be right back here with a supplemental budget asking for this money to be put back in the budget. That is no way to carry on the actions of this House.

Mr. Speaker, the President has offered a responsible, comprehensive budget package. It is not perfect, and certainly I could probably make corrections and changes, and so could other Members.

The Democrats, on the other hand, have focused on rearranging the domestic discretionary accounts, again, heaping on add-ons in areas to make themselves look good but ignoring the economy, ignoring jobs, and ignoring fiscal responsibility.

Mr. Speaker, I support the President's package, and I hope a majority of this House will as well when the time comes.

Mr. Speaker, finally, I support the rule that we are debating here today so that the House may proceed to consider the alternatives it makes in order on both sides of the aisle.

Again, I thank the majority and the Committee on Rules for giving us a fair rule so that the House can work its will.

Mr. Speaker, I reserve the balance of my time.

Mr. DERRICK. Mr. Speaker, I thank the gentleman for his kind remarks. We always have fair rules. We appreciate his recognition.

Mr. Speaker, I yield 4 minutes to the gentleman from Ohio [Mr. TRAFICANT].

Mr. TRAFICANT. Mr. Speaker, I am going to support the rule. It has a number of substitutes including this year, the President's own budget.

It only allowed one amendment. It did not allow mine. I think it was an appropriate amendment. But it did allow an amendment by the chairman, the gentleman from Michigan [Mr. FORD], that I say thank God for, and I am going to support.

But, as you know, as we look at the budget process, it was Ronald Reagan who told us that by the fall of 1982 he would have it balanced, and then he was honest with us, and he said he could not do it in the fall of 1982, that it would take until the fall of 1983.

In that period of time, we have gone through Gramm-Latta, Gramm-Rudman, and now Gramm bankrupt, folks.

This is the year Gramm-Rudman was supposed to produce the balanced budget. It started out at $200 billion. Ladies and gentlemen, even a conservative President who is doing the best job he can and doing a good job in many areas, submitted a budget calling for $300 billion-plus deficit.

Let us face it, you cannot separate trade deficits from this dilemma. We have not really dealt with it.

What bothers me is that for the first time Congress is beginning to deal regularly with two budgets each year, one on and one off, one above the table, one below the table.

Tell me, depending upon the bill or piece of legislation, which budget will we use, ladies and gentlemen?

□ 1250

Now we borrowed $60 billion from Social Security last year. We should be coming out with a budget that says every trust fund in this country would be off budget, and have their own, in fact, board of directors, and we could not touch that money.

Now, we look at it. We will be providing money to close military bases in America. I think before we start closing military bases in America, we should be closing a lot of military bases overseas. Before we give Mrs. Chamarro and anybody else more money, we ought to be taking a look at our education problems in our own country.

I had an amendment that I offered to the Committee on Rules, and I understand the dilemma they had. My amendment said that on every piece of legislation subject to this budget, the Congressional Budget Office had to give Members its impact on either plus or minus effect on American jobs and workers. Now, all we have been exporting around here is jobs. I thought that was an initiative that should have been allowed in the form of an amendment, a policy that should have been debatable.

Therefore, I will plan to bring that particular question and pose it to our chariman of the Committee on Budget, the gentleman from California [Mr. PANETTA] in the form of a colloquy. I would like to say that under those circumstances, and I am not degrading the effort of that chairman, this is the roughest job in the Congress. I will say that Congress should be doing much more at this particular level. Before we keep raising premiums on Medicare and all of these taxes, ladies and gentleman, it is time to start taking a look at these accounts overseas. We have yet to do that. We still expand those accounts. In my opinion, we expand, in fact, a national security threat by letting Japan run free with their unfair and illegal trade programs and by continuing to ship money out in foreign aid and defense of foreign countries.

I appreciate the time the chairman has allotted to me here. I will support the rule. It gives all Members a shot at their ideas, to a degree. There are substitutes, and this year, we will see the President's budget. Everybody can vote up or down on it.

Mr. SOLOMON. Mr. Speaker, I yield myself 1 minute to respond to the previous speaker, whom I have the greatest respect for, just to call his attention to the reason that we have never lived up to Gramm-Rudman and the spending caps is because of this irresponsible body, who 56 percent of the time, when rules came on the floor of this House last year, voted to suspend the rules and to waive the Budget Act and to waive Gramm-Rudman.

I would predict, with all the authoritizing bills coming on this floor this year, that this Congress will do the same thing unless we reform ourselves.

I ask the Member in the well to support this side of the aisle when we refuse to vote for suspending those rules.

Mr. Speaker, I yield 3 minutes to the distinguished gentleman from California [Mr. DREIER], a member of the Committee on Rules.

Mr. DREIER of California. Mr. Speaker, I would like to compliment the distinguished ranking member of the Committee on Rules for pointing to the fact that it has been the profligate spending pattern of this House over the last four decades that led Members to the problem where we had to face Gramm-Rudman. Now we are waiving it, time and time again.

The budget agreement that we all came to last fall was projecting a deficit for fiscal year 1992 of $150 billion. Horrendous.

However, the Democratic budget that we are going to be considering right here has a projection of 1991 budget of

$289.6 billion. That cannot be terribly reassuring.

Americans all over this country rushed to the Post Office up until midnight last night to meet that obligation to provide that flow of revenues to the Internal Revenue Service, to fund these kinds of things that we are talking about during this week as we debate the budget process. It is a very frustrating time for all Americans, as American taxpayers, when we see the kind of waste which has continued, and then as we look at the budget that is going to be considered, tragically there are not any of the important growth items which are absolutely essential if we are going to get this economy rolling.

For example, the President has asked for, and we would very much like to see, things like the most important jobs creation program imaginable, that being a capital gains reduction.

Now, we are the only developed Nation in the world without that important differential, and people say it is simply a tax cut for the rich. Baloney. It is the most important jobs creation item we could possible consider, and it is not even considered in this budget.

Then look at the prospect of individual retirement accounts in a bipartisan way. People in the House and the Senate are talking about it but, unfortunately, it is not being brought up in this Congress, in this budget.

I believe that one of the things that we need to do is put individual retirement accounts back in place and we need to provide for the opportunity to have a spousal reduction for individual retirement accounts.

As we look at these kinds of growth items, tragically they are not incorporated in the budget.

I am concerned abut the rule. We do not allow consideration of the Gekas amendment, or allow consideration of the very thoughtful proposal brought forth by our colleague from Illinois [Mr. FAWELL], who says there should be a 3-day layover. Unfortunately, that is not incorporated.

This is the greatest deliberative body known to man. Why we cannot have 3 days for Members to consider these provisions, which are so often rushed through, is to me ridiculous. I am very saddened that is not included in this rule. I support the President's effort here. I know my colleagues, including the gentleman from Ohio [Mr. KASICH] and the gentleman from California [Mr. DANNEMEYER], have put together thoughtful proposals, and I am pleased that the majorities that allowed Members to include those in the rule, and I hope we move ahead and will have, throughout this week, a very interesting debate. I hope we will end up with an agreement which will see Members include what I think are very important, those growth items.

Mr. DERRICK. Mr. Speaker, I yield 4 minutes to the gentleman from Vermont [Mr. SANDERS].

Mr. SANDERS. Mr. Speaker, I thank the gentleman for yielding time to me.

I rise to speak against the rules provisions because, in my judgment, the major budget proposals being brought forth, the Republican proposal and the Democratic proposal, in neither instance are addressing the major issues facing the American people. In fact, we should be using the budget process to bring forth new ideas and new visions, so that, finally, the U.S. Congress can begin to address the problems facing our elderly people, our working people, our poor people, the vast majority of our people, who today are seeing a significant decline in their standard of living.

As I think most people know, the differences, the greatest differences between the Democratic proposal and the Republican proposal amount to 1 percent. It is the 1 percent difference. I think in a Nation which is facing enormous problems, it is absolutely appropriate that the Congress begins a serious discussion on the serious issues. Let me just touch upon some of the problems that neither budget proposal will, in fact, address.

A recent study indicated that there are 5 million children in the United States of America who are today hungry. That indicates to me that the Federal Government must significantly expand the WIC Program or the other nutritional programs so that hungry children in the United States can eat. Study after study indicates that our educational system is failing. Twenty-five percent of our kids are dropping out of high school. Millions of young Americans cannot afford to go to college. It seems to me that one of the budget proposals should make the case that every kid in the United States who has the ability to go to college should be able to go to college, regardless of his or her income. We need to greatly expand Pell grants and other college education programs, and in general, to significantly expand Federal aid to education so that the folks at home do not have to pay higher property taxes, which are totally regressive. Neither budget proposal addresses that issue.

This Nation now faces the greatest deficit crisis in its history. We are looking at the largest deficit problem in our country's history, estimated to be about $350 billion. Members would think that one or another of the budget proposals would say that we need to deal with the deficit. Now the major cause of the deficit crisis is that we have given huge tax breaks to the rich at the same time that their incomes have soared. We have greatly expanded military spending at the same time that, thankfully, the cold war has ended. Members might think one or another of the budget proposals would finally say to the wealthiest people in the country whose incomes have soared, but today who are paying less in taxes than they paid 10 years ago, that now is the time they should start paying their fair share of taxes so we could feed our hungry children, make sure that all of our kids get a decent educational opportunity, make sure that all of our people are living in decent housing. Neither budget proposal does that.

Neither budget proposal deals with the deficit in a serious way, such as suggesting that there should be substantial cutbacks in military spending, so that we do not go into the largest deficit in our history.

Mr. Speaker, I will vote against the rules proposal because I think it does not allow for the kind of serious debate that this country is in desperate need of.

□ 1300

Mr. SOLOMON. Mr. Speaker, I yield 4 minutes to the gentleman from North Carolina [Mr. MCMILLAN], a member of the Budget Committee.

Mr. MCMILLAN of North Carolina. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in support of the rule providing for the consideration of House Concurrent Resolution 121 the concurrent budget resolution of 1992. I support this rule because it makes in order the President's budget as a substitute to the resolution reported out of the Budget Committee and the two Republican alternatives.

We are about to begin debate on the second budget resolution to be considered under the 5-year spending agreement enacted into law, amid much controversy, only 6 months ago. I am pleased that both the committee-reported resolution and the President's budget abide by the three caps imposed on discretionary appropriations. What is more, both budgets adhere to the requirements that entitlement expansions and tax initiatives must be offset elsewhere in the budget, although that bears watching.

All the rhetoric aside, the Democrats' budget is 99.44 percent George Bush. On a comparable basis, the committee-reported resolution is only seven-tenths of 1 percent higher in budget authority than the President's—out of a $1.5 trillion budget. All the committee budget really did was to shift about $5.4 billion nondefense discretionary accounts and add about $2.6 billion to the nondefense discretionary pot.

Nevertheless, significant differences exist between the President's budget and the committee-reported resolution. I shall only mention a few:

Most importantly, from a budgetary perspective, the budget deficit would be about $10 billion lower under the

President's budget. The Budget Committee used several accounting gimmicks to lowball their projected deficits. First, they excluded the cost of expiring tax provisions which everybody knows will be extended. Second, the Democrats failed to include the costs of IMF refinancing. Desert Storm, and IRS enforcement. And they use rosier economic forecasts for 1992.

The President's budget also seeks to promote economic growth and competitiveness through restoration of a capital gains differential, extension of expiring R&D provisions and health insurance deduction for self-insured, creation of enterprise zones for distressed communities and establishment of family savings accounts. House Democrats reject all market-oriented proposals to encourage savings, investment, and new jobs.

The President also institutes a measure of fairness in the Federal budget by reducing Medicare and agricultural subsidies to the wealthy—a step the committee was unwilling to budget but gave lipservice to in the report language. The President's budget sets the stage for controlling runaway health care costs while the Democrat's proposal remains silent on this point.

I should mention that although the rule makes it in order for the President's budget to be offered as a substitute, the two proposals will not be playing on a level field. President Bush's budget lays out his proposals in excruciating program and account level detail, which all Member's have had since February 4, while the committee's tough choices are safely hidden in aggregate numbers you received only yesterday.

I urge my colleagues to adopt the rule, reject the committee-reported resolution, and vote in favor of the President's budget as the most responsible fulfillment of the Budget Enforcement Act.

Mr. SOLOMON. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. GEKAS].

Mr. GEKAS. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, the gentleman from New York has to be personally complimented by me for advancing my proposal in front of the Rules Committee and special thanks to the gentleman from California for endorsing it in that very same body.

It was a modest proposal, one that everyone understands. The budget that broke down last fall and which will be remembered by the American public broke down at a point when our troops were poised for battle in the Persian Gulf and the U.S. Government shut down.

Why did it shut down? Because the Congress was irresponsible. It continues to be irresponsible year after year, allowing the fiscal deadline of September 30 to come and go without fashioning a budget, and what does it resort to? Temporary funding measures beginning October 1 to another date, like October 15 or November 15 or December 20, and each time the deadline occurs, a new crisis occurs and that causes the Government to shut down.

We cannot tolerate that any longer. My proposal, which I will continue to assert throughout my incumbency in this Congress, is a simple one and it makes sense. Probably that is why it will not be adopted. It simply says that when September 30 comes about and the Congress has not done its duty, has not fulfilled its responsibility of passing a budget on time, then the next day, October 1, the beginning of the new fiscal year automatically will go in to place last year's budget.

What is so tough about that? That will mean that the Government will never shut down. We will always have a continuing body of fiscal and governmental movement through the year without every threatening the elimination of Government services like we went through just this past fall.

No. 2, what else does it do? It allows the Congress in its wisdom then, if any wisdom be left, to prepare a new budget without the threat of the gun of a government shutdown to alter its deliberations.

Why does the Congress not adopt this measure? I predict it will someday. I may be 97 years old, but it may one day adopt this proposal.

I believe that this modest proposal that I have put forth before the Rules Committee, a sense-of-Congress resolution, as it were, to a Congress that makes no sense.

Why not begin to make sense? It makes sense not to let the Government shut down. It makes sense not to permit secret little deals to be made in a budget process that we now have. Rather, we should have an open reintroduction of last year's budget until such time as the Congress begins to make sense in fashioning budgets.

Mr. SOLOMON. Mr. Speaker, I yield such time as he might consume to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in favor of the rule that has been brought forward; but I must say that I am very concerned about the budget proposals that will be before us. There is an awful lot of hypocrisy that gets connected with this budget process, hypocrisy in what we say and then what we do.

Over the last several years as we have considered budgets, we have had literally dozens of Members of a more liberal stripe come to the House floor and tell us how we can get everything done we want in a budget if we will simply cut military spending. Within the last few days we have had those same Members going to the newspapers complaining about the fact that as we cut military spending, some base in their district got closed.

You know, you cannot have it both ways. It is a little bit hypocritical to suggest that you are going to cut the military budget, but, oh, by the way, there are to be no cuts of any kinds of basing, or even weapons systems.

We had a supplemental appropriation on the floor here the other day where the House of Representatives voted to continue weapons systems that the Department of Defense says they do not want and do not need any longer.

You know, there is a little bit of hyprocrisy connected with people who stand up and suggest that they are for cutting military spending as a solution to everything, and yet are not for cutting the programs in order to implement those spending cuts.

Mr. FRANK of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. WALKER. Surely, I am glad to yield to the gentleman.

Mr. FRANK of Massachusetts. Mr. Speaker, I thank the gentleman for yielding to me.

The last time I was importuned to vote to keep a weapons system going against the Pentagon's wishes was the V-22. Would the gentleman from Pennsylvania want me to go along with the Secretary of Defense on that?

Mr. WALKER. Well, I think maybe the Secretary of Defense has defined that very well. If the Secretary of Defense says he does not want it, I think we should seriously consider not doing it.

I happen to think that is a very good technological program, but I am willing to vote to eliminate that.

How does the gentleman feel about Fort Devon in his State?

□ 1310

Is the gentleman willing to close it? The gentleman has been one who talked consistently about cutting military spending as a way to find the money we need. Is the gentleman willing to have the bases closed in Massachusetts?

Mr. FRANK of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. I thank the gentleman for yielding.

Mr. Speaker, I have been in favor of the base closing. I voted for it in the past; I will vote for it this time. But I do want to say also that I appreciate the gentleman's position on the V-22 because my recollection is he was one of those lobbying to overturn the Secretary of Defense's position on the V-22. I am glad that he is now with the V-22 decision.

Mr. WALKER. I say to the gentleman that I think that happens to be a very good technology. But what the gentleman—what I am talking about is, for instance, we voted on the House floor just the other day, and I do not know how the gentleman voted on the bill to continue building F-14 fighters, that the Pentagon says that they do not need. It is an outmoded technology.

Rather than picking on technologies that advance the state-of-the-art and moving in the direction of technological leadership, I think we ought to be going after some of these obsolete systems that the Pentagon says they do not need. How did the gentleman vote? Did the gentleman vote for or against continuing the F-14?

Mr. FRANK of Massachusetts. If the gentleman will yield.

Mr. WALKER. Sure.

Mr. FRANK of Massachusetts. I voted for the F-14.

Mr. WALKER. Sure, the gentleman did. So I reclaim my time. In other words, despite the fact that the Defense Department says that they do not want it, the gentleman votes to continue this obsolete technology. Let me tell you one other thing about the Democrats' budget——

Mr. FRANK of Massachusetts. Will the gentleman yield?

Mr. WALKER. Sure, I will yield one more time because I want to get to another subject.

Mr. FRANK of Massachusetts. I thank the gentleman.

Yes, as the gentleman voted against the Secretary of Defense on the V-22, I did so on the F-14. I have never said that the Defense Department was infallible. My point is that we can both do less and do better by not slavishly following what they say.

Mr. WALKER. This gentleman, the point that he is making is that this gentleman has stood up and fought for increased defense spending because I think there are a number of things we should be doing in the area of high technology in space that will have some applications in civilian technology and also in our defense programs. But the gentleman from Massachusetts has been one of those, along with others, who have consistently come to the floor and suggested we can cut the military budget, we can cut it drastically—I think the gentleman voted for a couple of budgets that proposed to cut it as much as 25 percent—and then at the time that we have even minimal cuts in the defense budget, the same gentlemen come to the floor complaining about the fact that they are going to get cut in their districts.

Mr. FRANK of Massachusetts. If the gentleman will yield, will the gentleman cite me when I have made such a complaint? I have never made such a complaint about bases being closed in my district. There are no bases in my district, so they would have to put one in there in order to cut it.

Mr. WALKER. I used the generic. I would point out to the gentleman there have been numerous——

Mr. FRANK of Massachusetts. The gentleman has cited me incorrectly.

Mr. WALKER. All I said was, a minute ago, that the gentleman just voted in favor of the F-14 fighters that we did not have any Defense Department approval for.

Let me make another point, though, about the Democrats' budget. That is that the Democrats have decided within this 1 percent of difference to make quite a difference with regard to technology and science. Where they come up with these moneys that they continue to talk about that are going to raise spending in various social welfare areas is out of science and technology. They cut, for example, $1.2 billion out of the administration's request for the space program. They said that it does not cause any harm. Well, let me tell you it is going to cause some harm. One of the things it is going to do is you will probably kill the space station because you cannot have the space station without spending the money that is necessary to begin to bend some metal and put the space station in place. We should not continue to go ahead with spending money, coming up with new plans. And yet the Democrats' budget proposes that that is one place we take the cut. They also take it out of the national aerospace plane. In this particular place what they are going to do is transfer the whole thing to the Defense Department.

Now, if you think it is a good idea to have all the high technology work going on at the Defense Department for improving aeronautics technology for our future, then you will love the Democrats' budget. Because they take the whole national aerospace plane project, put it in defense, and eliminate all the money from NASA, where we were going to try to build a new generation of commercial airlines that keeps us in the forefront of that kind of technology. Yet the Democrats say, "No, we do not want to go in that direction, we will spend it all only on the military side." Then we have the proposal to ground several space shuttle flights. A lot of those space shuttle flights coming up are space science missions. So when you start grounding the space shuttle, what you are going to end up doing is eliminating our ability to do a number of space science missions that have untold implications for our future. Then if you take a look at the mission to Planet Earth, the program that the Augustine Commission told us was a very top priority, you will find out the critical measurements that will be needed to assess global change, is going to be delayed as a result of what the Democrats would do in their budget. We also have research on other kinds of aeronautics issues delayed, if not eliminated. That is, if you fund it the way the Democrats are proposing to fund it in their budget proposal. It is not just NASA.

Look at NOAA, the National Oceanic and Atmospheric Administration, you will find out that the President wanted an increase of $159 million. This bill that we will have before us, the Democratic budget, actually cuts that and goes $15 million below the present budget for NOAA. What does that mean? It means we are going to kill off the Weather Service Modernization Program because most of the increase in there was for modernizing the Weather Service, thereby giving us more accurate information and data. And it will mean that the Federal Global Change Research Program also, done largely by NOAA, will be eliminated. I think that kind of prioritization by the Democrats reveals the fact that in science and technology they have decided this Nation should not be in the forefront, and I think their budget should be rejected on those grounds alone.

Mr. SOLOMON. Mr. Speaker, how much time remains on this side?

The SPEAKER pro tempore (Mr. MCNULTY). The gentleman from New York [Mr. SOLOMON] has 3 minutes remaining, and the gentleman from Michigan [Mr. BONIOR] has 17 minutes remaining.

Mr. SOLOMON. Mr. Speaker, because they have no further speakers on their side, I yield 2 minutes and 20 seconds to the gentleman from Texas [Mr. DELAY].

Mr. DELAY. I thank the gentleman for yielding to me.

Mr. Speaker, I just wanted to take this short period of time to express my concern for not including in this rule an amendment that was offered by the gentleman from South Carolina [Mr. TALLON] and this gentleman from Texas, offering a pro-growth package called the DeLay-Tallon bill, H.R. 960.

I, too, am very concerned about the direction that both the Gradison bill and the Democratic proposal are taking. They are taking a higher taxes and higher spending, and we are on the road to, in my opinion, economic disaster.

We are looking at 25 percent of GNP in increased spending in both proposals. We are looking at somewhere around 20 percent of GNP in taxes. For the first time in the history of this country, we are looking at 20 percent of GNP of taxes in consecutive years. We have never had that.

We have reached 20 percent of GNP in taxes once or twice in recent history, and both times we have had major recessions in this country. That is where we are headed: higher taxes, higher spending, and higher deficits and more regulations. That is not good for our economy. We ought to have some sort of pro-growth agenda. What we have proposed, we have found a way, under the budget agreement, to cut taxes and promote growth and create jobs in this country. What we did is because social security was taken off budget, we cut the payroll taxes, which lowers the cost of labor by 1 or 2 percentage points, and from that, that revenue loss in social security is not counted on the on-budget side. Yet, cutting that social security, revenues are increased because more money in people's pockets, they pay more taxes. From that increase in revenue we can cut captial gains to 15 percent, we can have a depreciation schedule that protects business people's values of assets. That lowers—we lower the cost of capital with those two issues, and we put in place an IRA-Plus system. Pro-growth, job creation is the way to go, not more taxes, more spending and higher deficits.

Yet we were not afforded the opportunity to offer that amendment.

Mr. SOLOMON. Mr. Speaker, I yield myself the remaining 40 seconds. Let me point out there is an amendment which will be pending, called the Ford amendment. That amendment, I would alert Members on both sides of the aisle, only amends the Democratic budget, the so-called committee bill. It does not amend the President's budget. Therefore, this Member has no personal objection to it one way or the other.

I would just say, Mr. Speaker, that I want to again thank the gentleman from Massachusetts, Chairman MOAKLEY, and the Democratic side of the aisle for giving us a fair rule. This is a fair rule. I urge Members to support it, and then support the President's budget as the fairest proposal before this House.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. BONIOR. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. SOLOMON. Mr. Speaker, I object to the vote on the gound that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 392, nays 9, not voting 30, as follows:

[Roll No. 66]

YEAS—392

Abercrombie
Ackerman
Alexander
Allard
Anderson
Andrews (ME)
Andrews (NJ)
Andrews (TX)
Annunzio
Anthony
Applegate
Archer
Armey
Aspin
Atkins
AuCoin
Bacchus
Baker
Barrett
Barton
Bateman
Beilenson
Bennett
Bentley
Bereuter
Bilbray
Bilirakis
Bliley
Boehlert
Boehner
Bonior
Borski
Boucher
Boxer
Brewster
Brooks
Broomfield
Browder
Brown
Bruce
Bryant
Bunning
Burton
Bustamante
Byron
Callahan
Camp
Campbell (CA)
Campbell (CO)
Cardin
Carper
Carr
Chandler
Chapman
Clay
Clement
Clinger
Coble
Coleman (MO)
Coleman (TX)
Collins (IL)
Collins (MI)
Combest
Condit
Cooper
Costello
Coughlin
Cox (CA)
Cox (IL)
Coyne
Cramer
Cunningham
Dannemeyer
Darden
Davis
de la Garza
DeFazio
DeLauro
DeLay
Dellums
Dickinson
Dingell
Dixon
Donnelly
Dooley
Doolittle
Dorgan (ND)
Downey
Dreier
Durbin
Early
Eckart
Edwards (CA)
Edwards (OK)
Edwards (TX)
Emerson
Engel
English
Erdreich
Espy
Evans
Fascell
Fazio
Feighan
Fields
Fish
Flake
Foglietta
Ford (MI)
Frank (MA)
Franks (CT)
Frost
Gallegly
Gallo
Gaydos
Gejdenson
Gekas
Gephardt
Geren
Gilchrest
Gillmor
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gordon
Goss
Gradison
Grandy
Gray
Green
Guarini
Gunderson
Hall (OH)
Hall (TX)
Hamilton
Hammerschmidt
Hansen
Harris
Hastert
Hatcher
Hayes (IL)
Hayes (LA)
Hefner
Henry
Herger
Hertel
Hoagland
Hobson
Hochbrueckner
Holloway
Hopkins
Horn
Horton
Hoyer
Hubbard
Huckaby
Hunter
Hutto
Hyde
Inhofe
Ireland
Jacobs
James
Jefferson
Jenkins
Johnson (CT)
Johnson (SD)
Johnston
Jones (GA)
Jones (NC)
Kanjorski
Kaptur
Kasich
Kennedy
Kennelly
Kildee
Kleczka
Kolbe
Kolter
Kopetski
Kostmayer
Kyl
LaFalce
Lagomarsino
Lancaster
Lantos
LaRocco
Laughlin
Leach
Lehman (CA)
Lent
Levin (MI)
Levine (CA)
Lewis (CA)
Lewis (FL)
Lewis (GA)
Lightfoot
Lipinski
Livingston
Lloyd
Long
Lowery (CA)
Lowey (NY)
Luken
Machtley
Manton
Markey
Marlenee
Matsui
Mazzoli
McCandless
McCloskey
McCollum
McCrery
McCurdy
McDade
McDermott
McEwen
McGrath
McHugh
McMillan (NC)
McMillen (MD)
McNulty
Meyers
Mfume
Michel
Miller (OH)
Miller (WA)
Mineta
Mink
Moakley
Molinari
Mollohan
Montgomery
Moorhead
Moran
Morella
Morrison
Murphy
Murtha
Natcher
Neal (MA)
Neal (NC)
Nichols
Nowak
Nussle
Oakar
Oberstar
Obey
Olin
Ortiz
Orton
Owens (UT)
Oxley
Packard
Pallone
Panetta
Parker
Patterson
Paxon
Payne (NJ)
Payne (VA)
Pease
Pelosi
Penny
Perkins
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pickle
Porter
Poshard
Price
Pursell
Quillen
Rahall
Ramstad
Rangel
Ravenel
Ray
Reed
Regula
Rhodes
Richardson
Ridge
Riggs
Rinaldo
Ritter
Roberts
Roe
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Rose
Rostenkowski
Roth
Roukema
Rowland
Roybal
Russo
Sabo
Sangmeister
Santorum
Sarpalius
Savage
Sawyer
Saxton
Schaefer
Scheuer
Schiff
Schroeder
Schulze
Schumer
Sensenbrenner
Serrano
Sharp
Shaw
Shays
Shuster
Sikorski
Sisisky
Skaggs
Skeen
Skelton
Slattery
Slaughter (NY)
Slaughter (VA)
Smith (FL)
Smith (IA)
Smith (NJ)
Smith (OR)
Smith (TX)
Snowe
Solarz
Solomon
Spence
Spratt
Staggers
Stallings
Stark
Stearns
Stenholm
Stokes
Studds
Sundquist
Swett
Swift
Synar
Tallon
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Thomas (CA)
Thomas (GA)
Thomas (WY)
Thornton
Torres
Torricelli
Towns
Traficant
Unsoeld
Upton
Valentine
Vander Jagt
Vento
Visclosky
Volkmer
Vucanovich
Walker
Walsh
Washington
Waters
Waxman
Weber
Weiss
Wheat
Whitten
Williams
Wilson
Wise
Wolf
Wolpe
Wyden
Wylie
Yatron
Young (AK)
Zimmer

NAYS—9

Ballenger
Crane
Duncan
Fawell
Hancock
Hefley
Sanders
Stump
Zeliff

NOT VOTING—30

Barnard
Berman
Bevill
Conyers
Derrick
Dicks
Dornan (CA)
Dwyer
Dymally
Ford (TN)
Gibbons
Houghton
Hughes
Jontz
Klug
Lehman (FL)
Martin
Martinez
Mavroules
Miller (CA)
Moody
Mrazek
Myers
Nagle
Owens (NY)
Traxler
Udall
Weldon
Yates
Young (FL)

□ 1340

Mr. BURTON of Indiana changed his vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. McNULTY). Pursuant to House Resolution 123 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution (H. Con. Res. 121).

□ 1342

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the concurrent resolution (H. Con. Res. 121) revising the congressional budget for the United States Government for the fiscal year 1991 and setting forth the congressional budget for the United States Government for the fiscal years 1992, 1993, 1994, 1995, and 1996, with Mr. GRAY in the chair.

The Clerk read the title of the concurrent resolution.

The CHAIRMAN. Pursuant to the rule, the concurrent resolution is considered as having been read the first time.

Under the rule, the gentleman from California [Mr PANETTA] will be recognized for 2½ hours, and the gentleman from Ohio [Mr. GRADISON] will be recognized for 2½ hours. Said time will include a period of 2 hours on the subject of economic goals and policies.

The Chair recognizes the gentleman from California [Mr. PANETTA].

Mr. PANETTA. Mr. Chairman, I yield myself such time as I may consume.

I do want to alert Members as to what the schedule will be between today and tomorrow. I would yield to the ranking member, the gentleman from Ohio [Mr. GRADISON], for that purpose.

Mr. GRADISON. Mr. Chairman, I think it would be helpful to the general membership of the House, as well as for the members of our committee and others who wish to participate in this debate, if we could have a brief discussion of the ground rules for today, when votes might be anticipated, and how the debate might be divided between the Humphrey-Hawkins portion and the general debate on the bill before us.

Mr. PANETTA. Mr. Chairman, reclaiming my time, I thank the gentleman from Ohio for that inquiry. For the information of Members, we have 5 hours of general debate, 3 hours that would be taken by the committee, and 2 hours that would be provided to the Joint Economic Committee under the Humphrey-Hawkins debate section of the budget.

My intention would be that we would complete all general debate today and not get into any of the specific amendments; that amendments and votes on those amendments would take place tomorrow, with my hope being that we could conclude all of the amendments and go to final passage, hopefully by the end of the day tomorrow.

Mr. GRADISON. Mr. Chairman, if the gentleman will yield further, at what point today might we expect to turn control of the time over to the Joint Economic Committee representatives?

Mr. PANETTA. Mr. Chairman, I would anticipate that we would probably do general debate for approximately 2 hours, and then at that point allow the Joint Economic Committee to proceed with their debate. If we have 1 hour remaining, we would then conclude the debate with the committee.

Mr. ARMEY. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I am pleased to yield to the gentleman from Texas [Mr. ARMEY].

Mr. ARMEY. Mr. Chairman, I understand there are 2 hours of debate on what is called the Humphrey-Hawkins portion. Would that be equally divided between myself and a Member on your side?

Mr. PANETTA. Mr. Chairman, reclaiming my time, my understanding is that that 2 hours is to be equally divided. One hour will be allowed for the gentleman from Texas [Mr. ARMEY] and 1 hour will probably go to the gentleman from Indiana [Mr. HAMILTON] from the Joint Economic Committee.

Mr. ARMEY. Mr. Chairman, should we be prepared to start about 2 hours from now?

Mr. PANETTA. Approximately.

Mr. Chairman, I rise in support of House Concurrent Resolution 121, the concurrent resolution on the budget for 1992. As always, always, it is not an easy task to put together a budget resolution. There are a lot of tough and difficult choices that must be made.

Mr. Chairman, there is no budget resolution that I am aware of, either by Presidents of this country or by committees of this Congress, that satisfies everyone on every issue. But it is the overall balance of priorities that I ask Members to consider as we debate this budget.

Because budgets are not just dollar signs—they are not just numbers—they set out priorities for the Nation, a direction for the Nation. That is what I want to draw the attention of Members to as we discuss this budget resolution.

Mr. Chairman, there are four areas that we had to deal with in the budget. One is obviously focusing on discipline and the constraints established by the budget agreement worked out by the President and the Congress.

The second area was to focus on working families and the programs that basically serve the working families of this country.

The third was to focus on economic strength and areas that we felt were most important to commit resources in order to rebuild the Nation's economic strength for the rest of the 1990's and into the next century.

The last area was just basic fairness, fairness to the most vulnerable Americans in our society.

Mr. Chairman, let me briefly discuss each of those areas. First of all, with regard to budget discipline, the first question we had to confront in the Committee on the Budget and in the House was whether or not we intended to stick to the discipline established by the budget agreement reached between the President and the Congress last year. The decision by both the President in his budget and by the budget that we present to the Congress is that we will adhere to that agreement. We are going to stick by the terms that were established in that agreement for the next 5 years.

Mr. Chairman, that means that we were operating, obviously, under some severe constraints. It means essentially that we had to meet the spending caps established in three areas: the defense area; foreign aid, international aid; and the spending cap on domestic spending.

The budget that we present here is either at or below each of those caps.

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In addition to that, we require that any entitlement or tax changes, either a potential expansion on entitlement programs or any of the proposed tax benefits that have been discussed in a number of areas, that those would have to be paid for, paid for either through additional taxes or paid for through spending cuts in other areas. That is the basic pay as you go principle established by the budget agreement.

So this budget adheres to the requirements of the agreement in both meeting the spending caps that were established and in meeting the pay as you go requirement. Without question, as we proceed through this year and I am sure over these next few years, there will continue to be pressures to alter that agreement whether through tax cuts or spending increases in one area or another. But it is most important that we in the Congress send a clear message to the American people that when it comes to budget constraint, when it comes to budget discipline, we intend to stick by the agreement.

We are now facing tremendous deficits in this country. As Members know, we are looking at budget deficits under this budget proposal, under the President's budget proposal of anywhere from $280 billion to $290 billion for fiscal year 1992. If we then subtract the Social Security surplus from that calculation, we are looking at deficits that exceed $360 billion.

Obviously a good portion of that deficit represents matters that are not within the fiscal control of the Budget Committee; $100 billion of that number is basically committed to the S&L bailout. Approximately $60 billion of that number, $64 billion, is due to fallen receipts as a result of the recession. So there is a core deficit problem of about $130 billion that still remains for this country over these next 5 years.

Hopefully, hopefully if we stay within the constraint of the budget agreement, the S&L situation ultimately begins to reverse itself, and we can pull out of the recession, we can begin to get back on the track of reducing these horrendous deficits that confront us. Spending restraint and lower deficits help keep interest rates down, encourage investment to strengthen our economy and reduce our trade deficit with our national competitors. It is for that reason that we are obligated, duty bound to adhere to the discipline established in the agreement.

The second focus of this budget is to try to focus on that group within our society who we feel have paid the highest price as a result of the 1980's. During the last 10 years the combination of growing deficits, trade imbalances, poor productivity, and reduced incomes have taken their greatest toll from America's working families. It has become increasingly difficult for these families to properly educate, to feed, to care for, to protect their children. Lack of competitiveness, energy, insecurity, a decaying transportation system, and growing unemployment threaten their future economic security. When these families face tough times, they have no choice but to tighten their belts and reorder their priorities. This Nation can do no less.

The budget presented by the committee seeks to reverse the trends during the 1980's and tries to look ahead to the rest of this decade and to the next century to strengthen both the family and the Nation as we enter the 21st century. The committee budget reorders the priorities expressed in the President's budget by reallocating $13 billion to target the Nation's resources on the needs of working families and programs, and also to try to rebuild the long-term economic strength that is essential for the future. We reject $46 billion in cuts proposed by the President over 5 years including Medicare and veterans' programs; $3.5 billion in cuts is proposed in the President's budget for veterans' programs over these next 5 years. Cuts in the Student Loan Program, cuts in the Foster Care Program, in trade adjustment assistance and in family programs, $46 billion that we reject because they impact on those working families and they impact on the most vulnerable citizens within our society.

The basic focus of reordering or reallocation of resources is on children. We believe that in our society there needs to be a refocus of attention on the needs of children. Too many children are today born in ill health and are poorly educated, and if that is the case, we cannot maintain the competitive position of the United States in the world. The executives of five major corporations told the House Budget Committee in a recent hearing, "The health, well-being and education of children is pivotal to keeping the United States competitive in an increasingly international economy. In addition, a heavy human toll is exacted when children grow up in conditions that effectively deny them the chance to attain their full potential."

The United States today has one of the highest infant mortality rates among the industrialized nations. Each year 40,000, 40,000 Amercian infants die before their first birthday. According to a recent study, one American child in eight faces persistent hunger. More than 12 million American children today live in households below the poverty line.

The committee budget attempts to redirect our resources at these children by providing $5.3 billion for the following key programs:

First of all on nutrition. One of the programs that works and we know it works is the Women, Infants, and Children feeding program. The decision of the committee is that this is a program that we ought to put on a track toward full funding, and we do that. We increase that program by $350 million for 1992, and we propose full funding for the WIC Program by 1996, exactly the track established by the executives who testified before the Budget Committee.

Second, education is another major priority for our children, and there again Head Start is a program that works, we know it works, but it is not being fully funded. It is a program that we try to target for full funding in the 1990's with an increase of $350 million in 1992, adding, incidentally, some 72,000 children to that program so that they can benefit from the Head Start Program.

We also provide an increase of $2 billion over current levels, three times the amount in the President's budget for the basic education programs that are important to our children, elementary and secondary education programs, Pell grants, compensatory education, special education and historically black colleges. All of those are essential if we are going to invest in our children for the future.

In addition, in the health care area, it is extremely important that we try to support the program that are there now, trying to prevent infant mortality. The President proposed cutting maternal and child health, community and migrant health and other programs in order to establish some regional targeting in about 10 areas. We reject that, because the problem of infant mortality is not just an urban problem, it is an urban and rural problem in this country. For that reason we provide almost $550 million for the National Institutes of Health, for programs in community and migrant health, maternal and child health and in childhood immunization programs that serve both urban and rural areas.

Last, when it comes to drugs, the scourge that all parents are concerned about for their children, we provide an increase of 12 percent, $1.2 billion, targeted at antidrug programs relating to enforcement, prevention and treatment.

The third area that we focus on is economic strength, because we can provide all of the programs we want, but if we do not have a strong economy for the future we will never get ahead, we will never be able to compete or strengthen our own society.

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For that reason, we have targeted competitiveness so that we can begin to compete with the other nations like Japan and Germany in the modern world.

The committee budget contains a total of $5.1 billion targeted to investments in three key areas. One is competitiveness. An increase of $1.9 billion for programs that improve the Nation's competitiveness. Basic research is increased, including $406 million for the National Science Foundation, science and math education, advanced technology programs, economic development and, in addition, we provide $266 million for job training programs, all aimed at improving competitiveness within our society. Those are good investments for the future. Those are ones we ought to support.

Energy is another area. What astounds me is the failure of the President's budget to direct itself at our societ's energy vulnerability.

The President proposes cutting $242 million from energy programs, cutting them, cutting programs that help in the development of alternatives, cutting programs that would develop incentives for conservation.

What we do in this budget is provide $850 million for energy conservation, for energy R&D, for alternative-fuel vehicles, for low-income weatherization and for efforts to expand the strategic petroleum reserve, all programs aimed at developing energy security for the future.

Last, we try to stress infrastructure, a commitment to invest in expanding and improving the Nation's infrastructure, because that is related to our ability to compete and to expand for the future.

For highways, we provide $1 billion in terms of budget authority, $537 million more than the President, and we also provide additional funds above the President for mass transit and for Amtrak. We also provide $1 billion for aviation, meeting the President's number in that area.

The fourth area that we focus on is fairness for Americans. The Federal Government must promote both growth and fairness in the U.S. economy. That is a basic principle that we try to direct ourselves toward.

The President's budget proposes 5-year cuts in the following programs that hit the most vulnerable in our society: $25.2 billion in cuts in the Medicare Program, mostly targeted to providers. We have lost 500 hospitals in this country over the last few years in both rural and urban areas. There are many more hospitals that are on the verge of shutting down. Is that the way to help senior citizens in this country—shutting down more hospitals, cutting off the funds that are available in the Medicare Program? Absolutely not, particularly after, in the budget agreement, we adopted $43 billion in savings in the Medicare Program. We reject that cut.

We reject the cut in veterans' programs of $3.5 billion at a time when this country has come together saying that what we need to do is to provide help to those veterans who are returning from the Persian Gulf. We are going to suddenly enact $3.5 billion in cuts in compensation and housing for the Nation's veterans? It makes no sense. So we reject that.

Guaranteed student loans; the President wanted to cut almost $700 million from guaranteed student loans, the basic program that gives children an opportunity not just to get through elementary and secondary school but to get to college. You want to expand opportunities in this country? Give a student a chance to be able to go to college. We reject that cut.

We reject $1.7 billion in foster-care-program cuts proposed by the President.

We also reject trade adjustment assistance cuts of $905 million at a time when we are worried about the impact of trade within our society. When jobs are being lost, are we going to cut the only program that can provide a safety net for those workers impacted?

We also reject the cuts on maternal and child health care and also in rural development. The President has also cut child nutrition and Pell grant benefits by suggesting that somehow families with incomes as low as $23,500 a year should not benefit from those programs. We reject that.

We do accept the need to look at means-testing for income-related formulas both with regard to Medicare as well as with regard to agriculture, and the committee's budget provides those directions to the committees of jurisdiction.

But in each area related to those vulnerable Americans, the committee does not go at those individuals, does not make their life worse in our society, but tries to help them. The elderly: We not only reject the cuts in Medicare, but we provide for additional funds for the administration of both Social Security and Medicare itself.

The veterans' programs; a $1.1 billion increase is provided above the President's budget.

For farmers, we include $701 million more than the President's budget, and the same thing is true in the poverty areas with regard to the homeless, and also the victims of AIDS within our society.

To do this required some tough decisions. You cannot reorder $13 billion in the budget without having to make tough choices, and we had to do that. We made across-the-board cuts in almost 60 Federal programs including the executive and legislative branches. They are not only frozen but they are cut an additional percentage point below a freeze.

We also targeted specific cuts in postal subsidies and noncompetitive grants and in various Federal construction programs. We also recommend the elimination of programs including urban homesteading, section 312 rehab loans, rental rehab grants, and a number of other programs that we included in the housing authorization bill last year for termination.

The resolution also asks that a number of commissions be examined for termination, consolidation, or independent funding. There are a number of these commissions in the executive branch, and, very frankly, they are in desperate need of either being terminated or consolidated.

Mr. Chairman, those are some of the key areas that we confront in this budget and obviously, as the debate proceeds, we will debase not only these issues but other areas as well.

I am sure there will be during this debate the argument that the committee budget really did not make that many changes in the President's budget, that we just tinkered around the edges. Only in Washington, DC, does anyone have the nerve to say that $13 billion in readjustments, in reallocations, is just tinkering with the edges. Only in Washington, DC, would anyone suggest that rejecting $46 billion in cuts in Medicare, in veterans' programs, in student-loan programs, that that is just tinkering on the edges.

Do not ask those who put on the green eyeshades. Ask the people who are affected by these programs whether or not there is a difference. Ask the laid-off worker who is looking for job-training funds. Ask the children, the 5 million children, who live in hunger whether the money that we provide for the WIC Program and for the feeding programs makes a difference. Ask the 250,000 pregnant women in our society afflicted with crack and passing that on to their children whether or not the funding we provide to deal with those pregnant women makes any difference or not. Ask the 30 million elderly who benefit from Medicare whether rejecting the cuts in the Medicare Program makes any difference or not to them individually. And ask the 27 million veterans in this country whether or not they are prepared to have their housing costs go up or their pensions cut.

I will rest the case for this budget on the judgment of those who need this help, the elderly, the veteran, the student, the child.

This budget reaffirms this Nation's belief in helping people, in helping working families, and in helping those in desperate straits. It tells the country about our hopes for the future, a better economy, better jobs, healthier and better educated children.

This is not just a green-eyeshade exercise. It is meant to give hope to people that we have left behind in the 1980's, and that we are trying to strengthen for the 1990's.

It is for those reasons that I ask the Members to support the committee's budget proposal.

Mr. Chairman, I reserve the balance of my time.

Mr. GRADISON. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairmam, once again the Democrats, who run this place, are bringing to the floor legislation designed to put them on the side of the angels—and the President and his supporters in as bad a light as possible. In other words we have before us the trial balloon of the week.

I do not blame my Democratic friends for trying, but the differences between what the President's budget would do and what they would do are so slight, I do not understand why they bother. Considering that the Democrats have had since February to tear apart the President's budget, it is remarkable they find so little to change.

They agree with the President in budget authority for defense and international spending. They are close to the President in total domestic discretionary spending—or at least they seem to be.

TABLE 1.—COMPARISON OF PRESIDENT'S BUDGET TO DEMOCRATS' BUDGET

[Dollar amounts in billions]

	President's budget	Democrats' budget	Change: Amount	Change: Percent
Grand totals as presented				
Budget Authority	$1,590.4	$1,590.1	−$0.3	0.0.
Outlays	1,462.1	1,458.8	−3.3	−.2
Revenues	1,172.2	1,169.2	−3.0	−.1
Deficit	−289.9	−289.6	.3	.1
Grand totals on comparable basis [1]				
Budget Authority	1,578.4	1,590.1	11.7	.7
Outlays	1,452.0	1,458.8	6.8	.5
Revenues	1,172.2	1,169.2	−3.0	−.3
Deficit	−279.8	−289.6	9.8	3.5

[1] Democrats do not include BA of $12.2 billion for IMF Recapitalization in Function 150, although they assume it will occur. Both budgets show total BA of $1,590 billion. Therefore, the $12.2 billion is dispersed throughout the other functions in the Democrats' budget, about $2.6 billion to domestic discretionary and the remainder elsewhere.

Democrats also manipulate outlays to disguise the fact that their outlays exceed the President's by $6.8 billion. Techniques used include moving $4.6 billion in 1992 Desert Shield outlays to non-defense programs and assuming that OMB will score appropriations outlays at $2.6 billion lower then CBO.

What are the changes in the functions our Democratic friends talk so much about? They call for increasing outlays, over the President, by 3.2 percent in education, training, employment, and social services—function 500; by 3.6 percent in health—function 550; by 1.1 percent in Transportation—function 400; and so forth.

About $5 billion is taken away from some domestic discretionary functions and about $8 billion is added to others. This nets out to a change of $2.8 billion—which is 1.3 percent of the domestic discretionary total, and a whopping two-tenths of 1 percent of the entire budget. This they call a reordering of priorities.

TABLE 2.—UNSPECIFIED REDUCTIONS IN THE DEMOCRATS' BUDGET BY FUNCTION—REDUCTIONS FROM CBO FREEZE LEVEL

[In millions of dollars]

	Fiscal year— 1992	1993
300 Natural resources and environment:		
Budget authority	−153	−160
Outlays	−91	−134
350 Agriculture:		
Budget authority	−69	−71
Outlays	−54	−66
370 Commerce and housing credit:		
Budget authority	−16	−16
Outlays	−10	−15
400 Transportation:		
Budget authority	−48	−50
Outlays	−31	−42
450 Community and regional development:		
Budget authority	−18	−19
Outlays	+4	−15
550 Health:		
Budget authority	−14	−14
Outlays	−3	−11
600 Income security:		
Budget authority	−3	−3
Outlays	−4	−4
700 Veterans benefits and services:		
Budget authority	−26	−27
Outlays	−24	−27
750 Administration of justice:		
Budget authority	−228	−240
Outlays	−179	−223
800 General government:		
Budget authority	−44	−45
Outlays	−70	−85
950 Undistributed offsetting receipts:		
Budget authority	−300	−2,078
Outlays	−300	−3,484
Totals:		
Budget authority	−919	−2,723
Outlays	−762	−4,106

In short, the Democrats have merely rearranged a few of the deck chairs—but their rhetoric suggests that they have steered the entire ship of state on a new course.

Their budget, which we are told reflects Democratic priorities, is 99.44 percent George Bush. It is a me too budget. Given the choice between the substitute and the real thing, I would rather support the real thing—the President's budget.

Now, my friends across the aisle will say there are features in the President's budget that even many Republicans do not like. They will say there are things we would change in it.

But frankly, that is saying next to nothing. Every Member of this body would like to fund a little more spending for his or her district. Some would like to spend more on science, some on health care, some on transportation. But a budget is a consensus document that works with finite resources. It involves tradeoffs. I have absolutely no doubt that many Democrats would change their version too if they were not under such pressure to avoid giving the President credit for sending us a budget that was not dead on arrival and is, to this day, very much alive.

Notwithstanding all that, in the marginal areas where the Democrats do claim to set a new course, the differences actually weigh very much in favor of the President—even by the Democrats' own criteria. Consider the following:

The Democrats fret about growing unemployment and threats to the Nation's economic security,[1] yet they offer no proposals to stimulate economic growth through the proven mechanism of the markets. The President recommends a package of incentives for savings and investment.

The Democrats have decried what they have called a decade of disinvestment[2] under Republican administrations. Yet the Democrats cannibalize the President's efforts to boost resources in science and research—one of the few Government spending categories with a clear track record of substantial return on investment.

They have marched under the banner of fairness. But the Democrats reject the President's efforts to redirect benefits toward those who most need them. The Democrats are satisfied with a status quo that delivers tens of billions of dollars in transfer payments to upper income individuals—paid for by the very working families the Democrats claim to be protecting.

They stress the importance of long-term budget restraint, but ignore $34.5 billion in 5-year savings proposed by the President in the arena that most needs serious and prompt attention: mandatory entitlement spending—which threatens to bankrupt the hospital insurance trust fund in 15 years. More important, they have offered no recommendations of their own. They give us no clue as to how—using just the Medicare example—they will assure beneficiaries that money will be there to pay their hospital bills when they need it.[3] The President's budget offers us a challenge to begin facing the entitlement problem; the Democrats have looked the other way.

In an interesting turn of events, the Democrats have chosen a rosy scenario economic forecast on which to base their spending and revenue recommendations—something Republicans always used to be accused of.

In short, the Democrats have struggled, and failed, to come up with a spending plan that bears any significant differences from the President's budget. But where they think they have distinguished themselves, they have furnished precisely the reasons to support the President's budget, not their own.

Let us face it, the Democrats are trying to make an event of a nonevent. Even if the Democrats had truly profound policy options to offer, this ritual is mostly a wearisome charade. Whatever number we set for appropriated accounts can—and if history is any guide will—be changed around, not in public view on this floor, but in secret by the senior Democrats on the Appropriations Committee. Furthermore, there are Members of this body who believe we will wind up with no budget resolution at all, that appropriations will go forward with the 1990 Budget Enforcement Act as a guide. So much for the relevance of this debate.

As the Ranking Republican on the Budget Committee, I am delighted to try to make these next few hours as meaningful as possible. But I know enough to suggest that my colleagues and the public not take this too seriously.

Meanwhile, Mr. Chairman, on with the show.

TABLE 3.—COMPARISON OF THE DEMOCRATS' PROPOSAL TO THE PRESIDENT'S BUDGET—FISCAL YEAR 1992

[Domestic Discretionary—budget authority—in millions]

	Additions		Cuts		Net effect
Function 250			(80)	DOE General Science	
			(1,175)	NASA	(1,255)
Total			(1,255)		(1,255)
Function 270	866	Energy Programs (Non-Weather)			
	226	Low Income Weather			
Total	1,092				1,092
Function 300	42	Land Acquisition	(410)	Rest of function 300	
Total	42		(410)		(368)
Function 350	83	Rest of Function 350	(35)	Unspecified reduction	
			(34)	1-percent reduction	

[1] Press release by Leon E. Panetta, the Budget Committee Chairman, in announcing his mark on April 8, 1991.

[2] This was the title of a Democratic Study Group report published January 25, 1990. It was followed up by The U.S. Retreat on the Democratic Agenda: Bush Budget Calls for Declining Investments in U.S. Economic Growth, published February 28, 1991.

[3] See the March 1991 report on Medicare projections by the Health Technical Panel to the 1991 Advisory Council on Social Security.

TABLE 3.—COMPARISON OF THE DEMOCRATS' PROPOSAL TO THE PRESIDENT'S BUDGET—FISCAL YEAR 1992—Continued

[Domestic Discretionary—budget authority—in millions]

	Additions		Cuts		Net effect
Total	83		(69)		14
Function 370	239	Rural Housing	(16)	1-percent cut	
	10	Industrial Technology Services			
	25	Non-Profit Mail Subsidy			
	373	Rest of Function 370			
Total	647		(16)		631
Function 400	181	Amtrak	(135)	Contract authority rescission	
			(1,045)	Mass transit (see footnote)	
			(29)	Rest of function 400	
Total	101		(1,209)		(1,028)
Function 450	88	Indian Operations/Construction			
	380	Community Block Grants			
	1,102	Rest of Function 450			
Total	570				570
Function 500	1,272	Education	(258)	Indian Education	
	250	Head Start	(32)	Rest of Function 500	
	293	Job Training			
	426	Other Function 500 Programs			
	561	SLING			
Total	2,802		(290)		2,512
Function 550	10	Immunizations			
	123	AIDS			
	10	Infant mortality			
	52	NIH			
	20	ADAMHA			
	60	Maternal and child health			
	26	Community and migrant health center			
	250	Other low income programs			
	167	FDA			
	15	Health service corps			
	379	Rest of function 550			
Total	1,112				1,112
Function 570	160	Medicare administrative expenses			
Total	160				160
Function 600	224	Subsidized housing	(431)	Unemployment ins. adm. expenses	
	127	WIC	(52)	SSI administrative expenses	
	34	Other food programs			
	649	Low income home energy assistance			
	16	Refugee/entrant assistance			
	30	Child care grants to States			
	30	Rest of function 600			
Total	1,110		(483)		627
Function 700	211	Veterans medical care	(26)	1-percent cut	
	31	Vets research, claims processing			
	7	Rest of function 700			
Total	249		(26)		223
Function 750	13	Legal Services Corp			
	24	Fighting drug abuse			
	167	Anti-crime programs			
			(769)	Rest of function 750	
Total	204		(769)		(565)
Function 800			(271)	IRS	
			(304)	Rest of function 800	
			(44)	1-percent cut	
Total			(619)		(619)
Function 950			(300)	Increase in user fees	
Total			(300)		(300)
Total	8,252		(5,446)		
Net addition to President's budget					2,806

Note.—Total Transit Account (including mandatory spending) is $211 million more than President's total.

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Mr. Chairman, I yield 6 minutes to the gentleman from North Carolina [Mr. MCMILLAN], a member of the Committee on the Budget.

Mr. MCMILLAN of North Carolina. Mr. Chairman, this is the second year under the discipline of the Budget Enforcement Act which set spending caps, mandatory paygo provisions and tax adjustments to reduce the baseline deficit by $500 billion over 5 years. The ultimate goal is a balanced budget in 1996.

We are off to a slow start due to the essential funding of deposit insurance and the recession which together impacts the 1991 and 1992 deficits about $150 billion. We are struggling with a structural deficit of $170 billion in 1991. To achieve our objectives for balancing the budget, we must hold outlay growth to half the rate of inflation with no new taxes from this point on.

The President's budget holds outlay increases for fiscal year 1992 to 2.6 percent of fiscal year 1991. The Democratic budget is slightly higher. More importantly, the President's budget limits compound outlays growth to 1.8 percent from 1991 to 1996.

Both adhere to the Budget Enforcement Act for 1992 targets even though on a comparable basis, the Democrat deficit is about $10 billion higher than the President's.

There are many on this side of the aisle, and some on the other, who would have preferred no tax increases and greater spending restraint last year. The votes were not there and we passed the compromise Budget Enforcement Act. We will have two substitutes on the Republican side which seek to achieve greater spending restraint.

The President and the Republicans might say we achieved 99.5 percent of our proposals.

Proposed Democratic changes amount to only 45 additions totaling $8.252 billion and 17 decreases totaling $5.226 billion out of 1,005 discretionary accounts, about one-half of 1 percent of total outlays of $1.4 trillion.

We will hear a lot of exaggerated rhetoric about the necessity of those changes and its impact on life in America but the real truth is that they are minor adjustments at the expense of another. In most cases, it is simply a case of "one-upping" the President and the Republicans with a little more money for energy, housing, education, health and welfare at the expense of research and development, environment, unemployment insurance and SSI, justice and tax enforcement.

Is there anyone in this body that does not believe that if the President had proposed $100 billion in new spending on education programs, the Democrats would hold a press conference and charge, "The President and the Republicans are insensitive to children and public education; we think we should spend $200 billion?" We would never win that kind of bidding war but a more fundamental question would ask if the children would be better off? These are the type of questions the Budget Enforcement Act will force us to ask now and in the future; we must give more attention to successful management of realistic objectives rather than just hope that more money will solve all of our problems.

But now that the Budget Enforcement Act has been passed and both sides have agreed to flatten out aggregate Federal spending for the next 5 years, it is time for Congress to find innovative ways to get more impact for more people on a constrained budget. That is a formula that both sides can win on if we look for more cost-effective means rather than continue down the time-worn game of pumping more and more money into Federal programs without holding them accountable for meeting specific objectives.

One example of success is the defense budget which is managing a reduction in real terms of close to 3 percent per year as we downsize our forces. The Persian Gulf war showed us that we can, in fact, get better results out of a shrinking budget. Suppose we did the same in the areas of education, housing or health care?

The Budget Enforcement Act requires a 5-year reconciliation and the President's proposal does that with initiatives to stimulate higher economic growth and to encourage the development of cost-effective alternatives that enhance essential policy goals and Government services.

My colleagues, the real work of the Budget Committee, the authorizing committees and the Appropriations Committees lies ahead of us. It is going to be tough to live within the discipline of the Budget Enforcement Act and address the foreign and domestic challenges we face.

The discipline of the budget agreement requires that we hold spending increases to an average rate of about 2 percent from fiscal year 1991 to 1996. That assumes that we want a balanced budget in 1996 without any more tax increases. The Republican budget does just that. And it includes better management in entitlements as one means of achieving it. Otherwise, it will have to come from domestic discretionary spending as it is in defense spending.

The situation compels us to look at reforms in entitlement programs, not to reduce essential services, not to ignore unmet needs, but to forthrightly address the causes of costs running out of control. If we fail to address the causes of runaway costs, we will fail to provide the resources to address real needs.

Health and Medicare are prime examples of where the House has an opportunity in the coming year to make substantial progress. Over the past decade, the health function of the budget has increased at a compound rate of 10.25 percent per year, primarily in Medicaid. Medicare has increased by 10.35 percent compounded per year. Contrary to what you might hear from the other side, Republicans propose increases of 15.7 percent for Health and 8.9 percent for Medicare in 1992. The Democrats propose only slightly higher increases, 16.8 percent and 11.7 percent, respectively, and accuse the President of making huge cuts to Medicare over 5 years. Again, it is a matter of political one-upmanship which erroneously measures concern by the less than 3 percent difference in increases rather than how effectively the 100 percent we started with is being spent.

But these are two functions of this budget that we are going to have to come to grips with if we really want to make health care affordable and accessible to everyone in this country. The budget projections for the next 5 years, assuming no change in policy, are staggering, a compounded increase of 11.8 percent annually for the health function and 11 percent annually for Medicare. The health function is estimated to go up from $71.2 billion in 1991 to over $125 billion in 1996, primarily due to the expansion of Medicaid coverage. Medicare is expected to go up almost 75 percent by 1996 to a level of $177 billion per year and the hospital trust fund is now projected to be exhausted in just 15 years.

Those costs are being driven by defensive medical procedures which Secretary Louis Sullivan estimates to be about $150 billion per year out of our total annual national health care expenditure of $650 billion or about 23 percent. We are spending enormous amounts of private and Federal money on patients in terminal cases. Defensive medical costs really serve no other purpose than to provide doctors and hospitals with evidence they have done everything conceivable to a patient even if those procedures are not necessary. We also have the problems of duplication of capacity and excessive overhead in the health care system, and an overdependence on curing illness rather than promoting wellness.

We have within our existing means the capacity to resolve the issues of lack of access and affordability of quality health care if we take the bull by the horns in this session of Congress. If you just look at what this Congress is going to be spending on Medicaid and Medicare alone in 1996 and you conservatively estimate that 25 percent of those expenditures are not going to help the patient but is being wasted on other factors, then we will be spending about $75 billion more per year than we really need to. Another way to look at it is to say that we would have $75 billion more per year to meet real medical needs of the uninsured or the underinsured. That is what I mean by cost-effectiveness.

My hope and expectation is that the Budget Committee will begin next week to work in a bipartisan fashion to develop guideline alternatives for authorizing committees to pursue in health care and other fields for fiscal year 1993 and beyond. This is the only committee in the House with a "global perspective" in the sense that it should be able to see the forest and the trees. If we do not do so, we will once again find ourselves perpetually in the box of budgeting with cosmetic surgery while the patient succumbs to cancer.

I urge my colleagues to support the President's proposal, but more importantly, let's start debating performance and cost-effectiveness instead of add-on one-upmanship. That is the real way to help working Americans.

Mr. PANETTA. Mr. Chairman, I yield myself 20 seconds to respond to the gentleman.

I think the gentleman makes a very good point with regard to his recommendation about looking at the broad view with regard to the budget programs. I think we do need to focus on oversight. We do need to focus on the entitlements generally, because that is the one aspect, frankly, of the overall budget that not enough attention has been paid to, and hopefully the committee can begin that focus, and I thank the gentleman for that recommendation.

Mr. Chairman, I yield 10 minutes to the gentleman from West Virginia [Mr. WISE].

Mr. WISE. Mr. Speaker, I thank the gentleman for yielding me this time.

I find the arguments against the Democratic budget interesting. It seems to me within very tight constraints the gentleman says they gave a little more in priorities than we did, so it does not really count someway. I also find the argument interesting that this is really 99 percent the budget of George Bush.

Could I suggest that last year when my colleagues on the other side did not bother to offer the President's budget, and in years past when the President's budget was offered on the floor, got 1 vote, got 12 votes, I think eventually did get up to over 100 votes, that perhaps what is happening is the President's budget is moving more toward the priorities of this country and toward the priorities of the Democratic majority on this side. That may be why this President's budget did reflect a little more some of the priorities of this country.

I find the arguments about where you gave a little more infrastructure, a little more in education, that is not really significant. I think they are really significant. For instance, how significant is it to over 30 million senior citizens who looked with real dread last year at the budget negotiations to see 60 billion dollars' worth of Medicare cuts and saw another $25 billion coming their way. That was rejected in the Democratic budget, not the President's budget.

Veterans' compensation and pensions, the President's proposed reductions of $1½ billion, rejected in the Democratic budget.

Crop insurance, $706 million cuts, rejected in the Democratic budget.

Guaranteed student loans, that was going to be cut, interestingly enough in the education President's budget, that was rejected in the Democratic budget.

Trade adjustment assistance at a time we are entering the Mexican free trade discussions and perhaps a fast track and a new trade agreement which may cost many more thousands of Americans jobs, there was a move by the administration to cut $905 million from the Trade Adjustment Assistance Program. Luckily and thankfully, that was rejected in the Democratic budget.

So it is not just around the edges. These are very significant edges and it is time to give the edge to middle income people.

□ 1430

What I think a budget ought to be, and this is not all that I would like it to be in this regard, what I think it has to be is an investment budget, we need to talk about ways to build this country, ways to help us grow, ways to help us keep it strong and make it stronger, that we make it No. 1.

So this budget moves us farther in that regard than the President's budget. Whether you are talking about half a percent, 1-percent, 5-percent, 10-percent increase, whatever it is, anything you do to move us that much further, that much quicker to being No. 1, then I think you have accomplished something.

So I take pride in the fact that this budget does move us in that regard. Look at education: I happen to think that the Guaranteed Student Education Loan Program for middle-income persons is one of the most important programs and helps us with the greatest upward mobility that we could have. Look what happened in World War II when the veterans came marching home and took advantage of the GI bill. Well, those programs should be expanded, not cut back. The President proposed cutting back on the guaranteed student loans and Pell grants.

Indeed, we ought to be continuing.

Does anyone seriously think that a family with $23,000 in income is upper income and therefore should not be entitled to full benefits of the Guaranteed Student Loan Program? I think not. Tell that to the single parent who is trying to make it with two kids nearing college age, making $30,000 a year; tell it to the two-income family, $30,000, $35,000 a year with children in college or nearing colleage age. That is a basic assistance program, basic opportunity program.

Happily, the Democratic budget restores much of that money.

In energy, one of the most important areas we face today which keeps us competitive, the President's budget would have cut 50 percent in fossil fuel research and development. It would have terminated the fifth round of the clean coal technology program. This Congress spent months, years, actually trying, along with the President, to get a Clean Air Act, trying to clean our Nation's air, and yet his budget would have terminated the fifth round of the clean coal technology. It would have delayed until mid-1993 additional filling of the strategic petroleum reserve. That is our tank, that is our spare fuel tank, held in reserve against crises such as we just experienced in the Persian Gulf. Happily, what the committee did, and the Democratic budget increases by $850 million the amount for energy overall, filling the SPRO at a faster rate, restoring research and development money for energy conservation, alternate energy, fuel cells, restoring the Clean Coal Technology Program, providing and also recommending that there be $25,000 alternate-fuel vehicles purchased and, of course, expanding vital energy conservation.

It is interesting we hear so much about a national energy policy coming from the White House, and yet at the very time when we have something to do to deal with it, the very time they have a chance, what they choose to do is cut back.

In health, the Medicare cuts go without speaking—$25 billion of additional Medicare cuts are rejected in this budget. In fact, I think all of our senior citizens appreciate the significance of that. But also, yes, there are some small areas which are very big areas if you come from a rural area. A $26 million increase for migrant health centers, an increase of $20 million, which I was happy to recommend in our caucus for the National Health Service Service Corps to put physicians in medically underserved areas; $211 million more in VA medical care above the President's request. Yet, it does not go far enough with respect to any kind of national health care policy, adequate health care access for all. It does not go far enough, but it goes farther, a little bit farther, than we were before and it goes a lot farther then the President suggested.

An area that I think is crucial, once again an investment, this bill moves us a little bit more, and a lot more than the President, it moves us more than we were before.

In infrastructure, much has been made and talked about the need for roads and bridges and airports and waters systems and sewer systems; we have had a 1-percent productivity increase in growth, 1 percent a year from 1981 to 1990. That is just about a flat line. That marks you as out of the game in any health care clinic when it goes "beep, beep, beep," it is a flat line. That is what our productivity growth has been. You can trace it directly, the correlation between our declining productivity growth and our declining investment in roads or bridges or highways or water systems or airports, those things that made us competitive. So that infrastructure investment is crucial.

In this budget, what we did was take it up $1 billion over last year for highways, $597 million above what the President requested; $281 million more for mass transit, for buses, for subways, trains, those systems that work not only in our large cities but in our rural areas. That is $230 million more than the President asked for—$228 million above last year for community development block grants for cities and towns, to help provide a lot of the basic infrastructure that is so important. The President would have cut that back sharply.

Finally, we rejected the elimination of the Economic Development Administration, which has been vital in almost every area of our country. I cannot talk enough about infrastructure. The fact that productivity growth, which means new tax revenues, new growth, new jobs, comes from productivity in growth, and that productivity in growth has a direct correlation to investment in infrastructure growth.

We have been going on the down side on investment in our roads and bridges. For instance, a recent report said that $90 billion is needed annually, $90 billion, to keep us up to where we ought to be in infrastructure, maintaining simply what we have got. Unfortunately, this year we are spending $45 billion. So this budget takes us a long way.

I think the people want just a few things from Government. This budget tries to address those. First of all, they say, "Get me to work. Get me out of this rush-hour traffic, let me do my job, let me get my goods to market, help me to be competitive, help me to get to work and keep my job." This budget puts more in for job training, for infrastructure, puts more in to get you to work. "Keep us No. 1," people say. "We are sick and tired of hearing about how we are No. 12 in this and No. 13 in this. Look what we did in the Persian Gulf. Let's do the same thing domestically."

This budget moves us a little farther toward that goal. Certainly more than the President's budget does.

In terms of education, in terms of job training once again, in terms of those programs that are so important in keeping us No. 1. In terms of funding additional research and development, the National Institutes of Health, for instance, in those areas also.

Finally, it says keep us growing. There is no way you are going to cut your way out of this deficit. Let us not be naive. Nor are you going to tax your way out of this deficit. You are going to have to do a little bit of both, and you have to do a lot more of the third, which is growing. This helps us to grow more, it helps us to grow more in terms of investment and infrastructure, in education and in other areas; not as much as I would like, not as much as a lot of other people on the other side of the aisle would like, but it moves us further than any budget we have had laid before us.

I bring it down to this: If you want to get out of the rush-hour traffic, if you are tired of sitting in clogged traffic with fumes all day, getting to and from work, if you have a child or two wondering about how they are going to get to college, if you want to have a second-to-none economy, this is the budget for you. As they say, "This Bud," this budget is for you.

Mr. GRADISON. Mr. Chairman, I yield 7 minutes to the gentleman from Kentucky [Mr. ROGERS], a member of the Committee on the Budget.

Mr. ROGERS. Mr. Chairman and Members, I want to congratulate the chairman of the Committee on the Budget, the gentleman from California [Mr. PANETTA], and the majority party on the Budget Committee for bringing us a budget agreement that adheres to the budget agreement caps that we put on spending last year on all but one major category. And it achieves that by a minimum of smoke and mirrors. There are some smoke mirrors in here, let us be frank with you and honest with you. You will hear about those as this debate goes on. But at least this budget agreement adheres to the spending caps that the budget summit agreement last year placed on defense spending, on domestic discretionary spending, and on international affairs or foreign aid.

Yet, even having said that, even having admitted that we have to go into spending caps, going under spending caps, we are still working with a deficit in this budget agreement, this budget resolution of $347 billion.

So, do not labor under the assumption that you have solved the deficit when you pass this budget resolution. You have created the largest one ever in the history of this country, probably even the world.

So, this budget resolution is not about solving the deficit. It is about living up to the agreement that was reached last year by the budget summiteers and the White House. That in and of itself is an accomplishment worth celebrating. But this budget resolution and also the budget agreement last year does nothing toward capping entitlements, mandatory spending. Ladies and gentlemen, that is over half of the Federal budget. I dare say you cannot solve the deficit by omitting any controls on entitlement spending.

Why? Because it is too big a portion of the budget. If you lump together the entitlements and defense spending and the interest of the debt, you are way over three-quarters of the total budget. And the deficit is more than that. You can cut every penny of spending but those three items, and you will be in the red yet, defense, interest, and entitlements.

□ 1440

Mr. Chairman, I say to my colleagues, "Now you've capped defense. You can't do anything about interest because that's going to go on because we're obligated by our contracts on that. But you can do something about entitlements."

We have spoken to the gentleman from California [Mr. PANETTA], the chairman of the Committee on the Budget, about the Budget Committee for the remainder of this year once the resolution is out of the way, spending its time at that point in time on dealing with somehow to discipline spending on entitlements, and people say, "Yes we're willing to talk; let's talk about it." It has to be bipartisan, it has to be real, it has to be tough, and I hope we do it.

Driven by the budget agreement last year and its restraints on spending, this resolution contains no great surprises. There is no new initiative in here, but there are no great savings. It basically is lukewarm. It tracks the President's budget requests substantially, and so there is not much of a surprise in the resolution.

However, Members, if we stay with the budget summit agreement and its limits on spending for 5 years, as we said we would, and if we also further impose some sort of restraints on mandatory spending, we can whip this deficit before the end of that 5 years is out.

Now there will be, as the gentleman from North Carolina [Mr. MCMILLAN] has said, many temptations along the way to stray from the path and to forget the spending restraints just this one time. They will say, "Because we absolutely have to have extra spending for defense," and tomorrow someone will say, "We have to have more spending for health," and, yes, someone will say, "We've got to spend more for education," and all of those are worthy goals, and all of those presentments may be very compelling and correct.

However, Mr. Chairman, I say to my colleagues, if you stray from the path once, it will become a beaten path, and the budget restraints will be meaningless from there on out. We have got to stay with it for 5 years.

So, we have to stay with this budget summit agreement, as this budget resolution does so far this year.

Mr. Chairman, as a member of the Committee on the Budget, and also a member of the appropriations subcommittee and ranking on that Subcommittee on Commerce, Justice, State, and Judiciary, I want to focus these last few seconds of my remarks on this budget's impact on law enforcement priorities and activities.

The good news for justice activities and law enforcement is that the resolution follows the President's lead in a number of areas, including anticrime programs, drug control efforts, prison construction, and funding for the judiciary. The bad news is we do not know where the budget resolution plans to cut the President's request in justice programs, because we have to. The committee has not identified where $228 million in budget authority and $179 million in outlays will be reduced.

Mr. Chairman, overall, drug interdiction, control, education, and treatment spending has increase 82 percent since 1989 under President Bush's direction.

While no one statistic tells the whole story, the indicators are moving in the right direction: drug use is down nationwide, U.S. cocaine prices and seizures are up, prevention programs are being expanded, and international effort to control production are on the increase.

For drug control and law enforcement, the Budget Committee follows the President's recommendations for a 12-percent increase, providing a total of $5.1 billion in budget authority and $4.1 billion on outlays.

The Budget Committee also endorses many of the same anticrime law enforcement priorities set by the President.

And, we know that the committee approves the Judiciary's request for a $560 million increase for its growing workload.

But, the committee is silent on identifying any reductions from the President's budget.

Yet, we know that reductions must come from somewhere in Justice budget.

In summary, Mr. Chairman, the committee budget resolution focuses on the good news it retained from the President's budget.

In many respects it is a "me-too" budget, and by the very important measure of whether it fails to identify the spending reductions, of course it does not and by that measure fails.

Mr. HUCKABY. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I rise in support of the budget package before us. I would like to commend the President's men, the President's women, who submitted the President's budget to Congress this year. It is by far the most realistic budget that has ever been sent up to Capitol Hill by any administration since we have had the Budget Act, since 17 years.

However, Mr. Chairman, this budget before us has record outlays, $1.46 trillion, 1,460 billion dollars, probably a record deficit of some $289 billion. But let me point out that a hundred billion of that deficit is due to the S&L crisis, and some 50 billion of that deficit is due to the fact that we are in a recession today.

There is not that much difference, as some have suggested, between the House-passed version of this budget and the version submitted by the President. Only $13 billion out of $1,400 billion have been moved. But let us look at what is done in the differences between the President's proposal and the House Democratic proposal.

One, the House plan, the House Democratic plan, does not make the significant cuts in Medicare that the President proposed.

Two, we do not make the cuts in veterans programs proposed by the President.

This budget does, however, increase funding. It increases funding significantly for Head Start.

And for those of us from rural areas, let me point out that this budget provides the Postal Service with supplemental funds for our Nation's rural numbers. It is very important in rural areas, and the President's budget fails to do this.

Finally let me point out that the budget does provide NASA and the manned space station the same funding, plus inflation, that it received last year.

Mr. Chairman, all in all this is a balanced budget. The House Democratic budget is a budget that I think both sides of the aisle can vote for, can go back home and say, "We came forth with a good package, a package that met all of the agreements of the summit last year, and, once we get this S&L crisis behind us, once we get the recession behind us, we will truly be on a road to a balanced budget."

Mr. GRADISON. Mr. Chairman, I yield 6 minutes to the gentleman from Louisiana [Mr. McCRERY], a member of the Committee on the Budget.

Mr. McCRERY. Mr. Chairman, I assure my colleagues that this was not planned, but I am going to follow the lead of my colleague, the gentleman from Louisiana [Mr. HUCKABY].

Mr. Chairman, I come to the floor today, not to bury the Democrat's budget, but to praise it. A little. It is actually not a bad budget. It is the best budget they have come up with in the last few years.

Why? Because it sticks to the caps that this Congress agreed to last year. I am one of the relatively few Republicans who voted for that budget agreement last year.

□ 1450

I voted for it because I thought that it set us on a trend line for the next 5 years toward getting the deficit under control, and that is more than this Congress has been able to accomplish for quite a few years. So if the Democrat leadership on the Budget Committee can come forward in the next 5 years with the numbers for a budget that adheres to the caps that we set down last year, I cannot complain too much.

So I agree with my colleague, the gentleman from Louisiana [Mr. HUCKABY], that the President's budget was a pretty good budget, and the Democrats' budget is a pretty good budget because it does not differ much from the President's budget. Sure, it does differ at the edges. It nibbles at the edges, and some of those programs admittedly that the Democrats want to put more money into certainly will be enhanced by that nibbling at the edges.

I disagree with the priorities the Democrats have set forth. I think that we ought to spend more money on space and on energy. I think we ought to consider the pace with which we extend those programs that the Democrats are focusing on.

So all in all, it is not a bad budget.

So I come to the floor more pleased today than I have in the last 3 years with respect to the budget outlook for this country. Sure, I say to the gentleman from Kentucky [Mr. ROGERS], this year's budget deficit is going to be the largest ever, but that is because of the S&L money, that is because we are in a recession. When you look at the structural budget deficit and what this 5-year plan is going to do to it, it does come down and approaches zero after 5 years.

Now, let us look at the difference between the President's budget and the Democrats' budget. I intend to vote for the President's budget. The Democrats' budget nibbles at the edges. It tries to one-up the President in a number of areas. What they will not tell us is that the President, though, in his budget submission increased WIC, increased Head Start, infant mortality funds, education, and a number of other social service programs. The President's budget increased those.

The Democrats just come along and add a little more to each of those programs, but how do they get the money to add a little more? They cut space, but they also cut Social Security administrative funds. The last 2 months 57 Democratic Members wrote to the President urging release of $120 million in emergency Social Security funds. The President released the funds, and yet 1 month later the same Democrats want to cut $52 million below the President's budget request in a supplemental security income program, part of the Social Security Administration.

They cut unemployment insurance administrative funds. Last month the Democrats insisted that more UI administrative funds were an emergency worthy of a supplemental. Eighty-one Democrats wrote to the President to complain about underfunding. The President requested $150 million as a dire emergency, outside the discretionary cap for unemployment insurance. This month, though, the Democrats in their budget cut unemployment insurance by $431 million; $431 million below the President's request in his budget.

Is this going to come up later in the form of an emergency appropriation to bust the budget agreement? Perhaps.

The money that the Democrats have requested in their budget funds only 56 percent of the workload in the President's budget, when the Democrats are supposedly worried about recession relief. I can assure the Democrats that if the unemployment lines are 56 blocks long in their district, they will be up here blaming the White House while at the same time they claim credit for spending the shortfall unemployment insurance on other programs.

And then there is the unspecified cut, unspecified 1-percent cuts in a number of other programs, including edcucation, health grants, research and development, including National Institutes of Health, housing cuts, agriculture cuts, transportation cuts, and justice program cuts. Where are those cuts going to come from? We do not know, but they are going to come, 1 percent at a time.

It is an unspecified budget at the edges from a party with an unspecified plan, but it is not bad.

Mr. DURBIN. Mr. Chairman, I yield 4 minutes to the gentleman from Missouri [Mr. CLAY].

Mr. CLAY. Mr. Chairman, I thank the gentleman from Illinois for his generous allocation of time.

Mr. Chairman, I rise not only in support of the Democrat's budget package but I also want to express my deep disappointment over the actions of the Budget Committee concerning two aspects, revenue forgone and Federal employee pay comparability. Spending caps imposed by last year's budget summit agreement make it very difficult to fund even the most worthwhile programs. But the pittance recommended in this resolution for revenue forgone is wholly inadequate.

Revenue forgone appropriation subsidizes reduced postal rates for certain mailers—churches, charities, in-county newspapers, educational institutions, libraries, veterans' groups, and labor organizations. According to the Postal Service, the amount needed to fully fund these reduced rates for next year is $649.5 million. If not fully funded, postage rates for these mailers will be increased.

The resolution before us recommends a revenue forgone appropriation of only $208 million. My colleagues, this means higher postal rates—much higher postal rates.

There are some glittering generalities in the committee's report about eliminating advertising abuses and protecting rural newspapers; but they are just that—glittering generalities. The facts are, if only $208 million is appropriated, rates for rural newspapers will increase by 15 percent, rates for church bulletins by 13 percent, for classroom publications by 13 percent, and for a March of Dimes or Red Cross fund-raising letter by 31 percent. And, these are the minimum increases we can expect because the resolution also assumes the enactment of some questionable "reforms" recommended by the President. Close to half of the savings from those reforms would come from disqualifying educational materials for reduced rates. These reforms are unlikely. The eventual rate increases will almost certainly be even greater.

Some of us have lost sight of the importance of the revenue forgone appropriation. There was a comment to the effect that and I quote "If we don't fund revenue forgone, it's not like we are taking money away from the poor, the needy, or the underprivileged". End of quote. That's simply not true.

The overwhelming majority of the subsidy benefits nonprofit organizations and their fund-raising efforts. These are the organizations which are being asked to look after the less fortunate in an era when skyrocketing Federal deficits make Federal funds hard to come by. Some $40 billion are raised annually through the mails for charitable purposes. That's about $80 for every dollar of the revenue forgone subsidy. That is quiet a return, and proves that revenue forgone is a sound investment. Make no mistake about it—higher postal rates directly diminish the ability of these worthwhile organizations to raise money. If you do not believe me, ask the American Cancer Society, ask St. Jude Children's Research Hospital, or ask Save the Children.

I have told you the bad news about this resolution. The good news is that this is only the first round in the budget process. The gentleman from California, the chairman of the Budget Committee, has assured me he understands the problem and the need for more funds for revenue forgone and is committed to continue to work toward resolving this problem.

Another vital issue which is not directly addressed in this resolution but which is bound up in the budget and appropriations process is Federal employee pay.

The President's budget assumes a Federal employee pay raise of 4.2 percent in fiscal year 1992. This is consistent with the United States Employees' Pay Comparability Act of 1990. That act grants the President and the agencies new power to use geographic adjustments and other authorities to deal with recruitment and retention problems. I was disappointed the budget did not include funding for interim geographic adjustments beyond those already authorized for the New York, Los Angeles, and San Francisco consolidated metropolitan statistical areas.

The Comparability Act of 1990 can only work if sufficient funds are budgeted and appropriated to allow agencies to take advantage of the new authorities and flexibilities it permits. As we move through the budget process, we must ensure that sufficient funds are, in fact, set aside.

□ 1500

Mr. DURBIN. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. KILDEE].

Mr. KILDEE. Mr. Chairman, I thank the gentleman for yielding time to me. I also thank the gentleman from California [Mr. PANETTA] for the hard work he has done to bring this budget resolution to the floor today.

Given the strict conditions imposed by last year's budget agreement with the White House, Chairman PANETTA has all but worked a miracle to bring to this House a balanced, compassionate budget resolution which reverses the President's budget for working families and our children.

Mr. Chairman, the budget which we bring to this House contains a vastly different set of domestic priorities from those of the President's budget.

We reject the President's $25 billion cut in Medicare.

We reject his $700 million cut in guaranteed student loans.

We reject his $900 million cut in trade adjustment assistance for workers.

Moreover, with the adoption of the Ford amendment tomorrow, the Democrats' budget will provide a $2.4 billion increase for education—three and a half times the President's proposed increase.

Indeed, the President's education request does not even keep pace with inflation this year, and assumes absolutely no increase for education next year.

We also provide three and a half times the President's increase for Head Start, and we put the program on track to reach full funding by the end of this decade.

We provide a $350 million increase for the WIC feeding program, and assume full funding by fiscal year 1996. WIC is truly a prolife program.

We reject the administration's cut in job training funds and, instead provide a $260 million increase for these crucial programs.

We also reject the President's $600 million cut in the LIHEAP Program and provide baseline funding.

Some will say that we cannot solve our Nation's pressing domestic problems by simply throwing money at them.

Mr. Chairman, we are not throwing money at these problems, we are investing in our children. We are investing in their early development; we are investing in their education; we are investing in their health and nutrition; and above all, we are investing in their future.

Mr. Chairman, it is time that we match our rhetorical support for children with our fiscal support for their needs.

We cannot be kinder and gentler by just wishing it. And we cannot claim the title of the education Congress or the education President by just saying we are.

We have to prove it with our actions. This resolution does just that. I urge my colleagues to support this resolution and the Ford amendment.

Mr. GRADISON. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. DANNEMEYER], a member of the Committee on the Budget.

Mr. DANNEMEYER. Mr. Chairman, I listened to the comments of the chairman of the Committee on the Budget, the gentleman from California [Mr. PANETTA], and I have also listened to some of the comments of other members of the Committee on the Budget. If one does not watch very carefully or listen very carefully, the American public may get the idea that we are cutting something with this proposed budget.

Mr. Chairman, if there is anyone here in the House or across the aisle on the other side who believes that this budget is going to result in anything being cut, please disabuse yourself of that notion. It is simply not happening. All we are talking about is reducing the projected increase that otherwise would take place if we followed what is called this aberration of baseline budgeting.

Mr. Chairman, the reason I say that is that we are spending in this fiscal year some $1.392 trillion, and all of the budget alternatives that we will be voting on tomorrow are going to spend more than that, in fiscal year 1992. The only question is, how much will we reduce the projected increase by. That is the issue.

Mr. Chairman, this Member from California will have an opportunity of arguing to Members that probably the most important thing that we can do in this whole consideration of the budget process is to lower the level of spending as much as we can for fiscal year 1992. The reason it is extremely important that we do that is because by lowering the whole base of Federal spending in 1992, we dramatically reduce the projected deficit for the outyears.

Mr. Chairman, I have only been here 12 years. Some Members, of course, have been here longer than that, and, of course, are wiser because they have been here longer and know more. But one thing I have learned about this budget process is we can forget about the outyears, 1993, 1994, 1995, and 1996. It is all smoke and mirrors, because it is based on economic assumptions that may or may not prove to be the case.

Indeed, that budget summit that we adopted last year, I do not know if any Members saw the article by Senator HOLLINGS in the Washington Post about 6 weeks ago. That really told the truth to the American public about that tax increase that masqueraded as a deficit reduction package.

Senator HOLLINGS said there were three principles that needed to be served as a result of what produced that resolution last fall. One, Congress, in the control of spenders, as it is, was just straining at the reality that if we did not do something, we had to reduce total spending by $50 billion under Gramm-Rudman-Hollings.

Second, the spenders who control this place yearned to dig into the pocket of we Americans to dig out some more taxes, which we did, to the tune of $160 billion over 5 years.

The third thing is the Bush administration, headed by Mr. Darman of OMB, sought to have the debt ceiling raised so that we did not have to face this issue until after the November 1992 election.

Mr. Chairman, all of those goals were served. We were told if we adopted this package we would reduce the projected deficit by some half a trillion dollars over the next 5 years. What do you know? After adopting that deficit reduction package, in the beginning of this year, when we come back here, we still realized that the projected increase in the national debt over the next 5 years is still $1.7 trillion. Nothing has changed.

So I am suggesting in the budget alternative that this Member from California will be offering tomorrow, or whenever we bring it up, by lowering the total level of spending in fiscal year 1992, we can then enjoy the benefit of the reduction of the projected deficit over the next 5 years of some $450 billion. Incidentally, that is about the amount that was promised by the package we adopted.

Mr. Chairman, let us be candid with ourselves: when you look at the portion of the personal income tax in the current fiscal year, 1991, that is paying the interest on the debt, it is a little less than 60 percent. Ten years ago it took about 30 percent, or half of that, of the personal income tax, total collections, to pay the interest on the debt.

If one wants to look at it from the standpoint of all collections by the Federal Government, except for Social Security, 10 years ago it tool 20 percent; currently it takes 40 percent.

So I am suggesting that if we continue on our current course, by the end of the century it could take all of the personal income tax collections to pay the interest on the national debt. This is a disastrous course, and I think the course we should pursue is to find the means of reducing total spending in fiscal year 1992.

Mr. GRADISON. Mr. Chairman, I yield 6 minutes to the gentleman from New York [Mr. LENT].

Mr. LENT. Mr. Chairman, on February 4, when the President submitted his budget for fiscal year 1992 to Congress, he set forth a number of important goals for the Nation—goals that we must meet today if we are truly serious about working to resolve our budget deficit.

As the ranking Republican member of the Committee on Energy and Commerce, I would like to discuss two of the areas addressed in the President's budget and in the resolution before us—energy and health.

ENERGY

The President's budget strongly supports his energy goals of improved energy security through reduced vulnerability to oil disruptions and increased energy efficiency and renewable energy.

ENERGY SECURITY

The President's national energy strategy and the House Republican energy bill I introduced with 30 cosponsors on March 21 form a solid foundation on which to improve our energy security. We should avoid increased energy taxes and mandatory oil import set-asides for the strategic petroleum reserve. The bipartisan bill that we enacted last year will eventually expand the SPR to 1 billion barrels. However, the costs of doing so should not now be disproportionately imposed on one region of the country over another.

ENERGY EFFICIENCY AND RENEWABLE ENERGY

Contrary to the assertion that the administration's budget does not place enough emphasis on energy conservation and renewable energy, the administration requested $326 million for conservation and renewable energy research and development in fiscal year 1992, a 43-percent increase over the fiscal year 1991 enacted level.

The President's budget has targeted its funding increases for research and development of forms of renewable energy and conservation with the greatest potential for market entry and with the greatest promise for improving energy security and environmental quality. For example, his budget provides:

A 40-percent increase in electric vehicles and battery research and development;

An 11-percent increase in biofuels;

A 26-percent increase in wind-power utilization;

A 15-percent increase in solar energy research and development; and

A 10-percent increase in photovoltaics.

The President's budget priorities reflect the careful analytical work undertaken for the national energy strategy. Energy research and development priorities should reflect national objectives, not special interest wish lists.

The administration's conservation efforts are reflected in funding increases promoting conservation in the four major energy consuming sectors:

A 62-percent increase in the utility sector;

A 33-percent increase in the transportation sector;

A 22-percent increase in the industrial sector; and

A 26-percent increase in the buildings sector.

With regard to the proposed increase of spending on fuel cells, the administration already funds a comprehensive fuel cell research and development program. The Democrats are simply increasing the administration's proposed increase, without providing a rationale for how the additional funds would substantially or even marginally increase the benefits of the current administration research and development program.

With regard to the proposed increase in spending on Federal energy management, the administration's national energy strategy calls for a range of new initiatives in Federal energy management activities, including permitting Federal Agencies to participate in utilities' efficiency rebates and discounts. The administration's Federal energy management initiatives will be implemented through an Executive order which is expected to be issued shortly. These initiatives will provide greater energy savings at less cost and with more efficient administrative features than the Democrats' proposal to establish a $50 million loan fund for Federal Agencies to invest in efficiency improvements.

The Democrats' energy proposal will not materially affect energy security or environmental quality. It will simply and unnecessarily spend more of the taxpayers' money.

HEALTH

With respect to health, in the budget resolution before us, the Democrats allude to a number of initiatives in the area of Medicaid. I would like to comment on the fiscal impact of the Medicaid Program.

We in Congress must be aware that congressionally enacted Medicaid expansions over the past 4 years have helped drive State budgets into significant deficits because the States must pay one-half the cost of this program. Medicaid mandates enacted over the last 4 years will cost States $17.4 billion between 1991 and 1995. In 1989, 48 Governors, under the aegis of the National Governors' Association [NGA], urged a 2-year reprieve from any more federally mandated Medicaid expansions. Recent Medicaid mandates "have put great stress on State budgets and undermined the States' ability to properly fund education and other important services," the Governors said in an open letter to Congress.

Despite this plea from the Governors, Congress enacted an entire new series of Federal mandates in Medicaid in the 1990 reconciliation bill. These mandates will cost an additional $3 billion between 1991 and 1995.

These unrelenting federally mandated expansions have created a program that is next to impossible to administer and finance. Medicaid is the fastest growing part of State budgets. In 1990, Medicaid spending increased by 18.4 percent and consumed 14 percent of State budgets. It is expected to consume 17 percent of State budgets by 1995.

In response to these dire budgetary circumstances, the Nation's Governors unanimously adopted a new Medicaid policy at the February 1991 annual meeting. In this policy resolution, the Governors call on Congress for a 2-year delay in the mandated implementation of the Medicaid mandates and for more flexibility in administering the program. The Governors are asking for this delay because of two reasons. First, many States simply do not have the additional funds to pay for these new mandates. Many States are nearing fiscal bankruptcy. Second, the Governors want this delay in order to give themselves a breathing space where they can attempt to formulate a long-term solution to the problem of the uninsured.

My Republican colleagues on the Energy and Commerce Committee are hopeful that we can craft Federal legislation to implement the National Governors' Association policy.

Mr. Chairman, I urge support for the Republican substitute to the Resolution before us.

The CHAIRMAN pro tempore (Mr. CARDIN). The committee will rise informally in order that the House may receive a message.

MESSAGES FROM THE PRESIDENT

The SPEAKER pro tempore (Mr. KILDEE) assumed the chair.

The SPEAKER pro tempore. The Chair will receive a message.

SUNDRY MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. McCathran, one of his secretaries.

The SPEAKER pro tempore. The Committee will resume its sitting.

CONCURRENT RESOLUTION ON THE BUDGET—FISCAL YEAR 1992

The Committee resumed its sitting.

The CHAIRMAN pro tempore (Mr. CARDIN). The Chair recognizes the gentleman from Illinois [Mr. DURBIN].

Mr. DURBIN. Mr. Chairman, I yield 3 minutes to the gentleman from Virginia [Mr. PAYNE].

Mr. PAYNE of Virginia. Mr. Chairman, I thank the gentleman for yielding the time to me.

Mr. Chairman, I rise in support of the Democratic budget, House Concurrent Resolution 121, the budget resolution for fiscal year 1992.

As a businessman recently elected to Congress and as a member of the Budget Committee, I can say that this resolution exhibits fiscal responsibility.

First, it adheres to the 5-year deficit reduction agreement made last fall. It limits the growth of Federal spending over the next 2 years to 2.8 percent, which is well under the baseline inflation rate of 4.2 percent. Most importantly, this resolution proposes no new taxes. This puts us on a responsible path to a balanced budget.

Within these fiscal realities, the budget resolution achieves several important goals. First, our Nation's competitiveness will be enhanced. The additional funding for aviation, mass transit, and highways will finance needed improvements to our transportation infrastructure. This will improve our productivity and consequently our competitiveness. The resolution also proposes to fully fund the Women, Infants, and Children's Nutrition Program by 1996 and to fully fund the Head Start Program for "at risk" pre-school children by the end of the decade. These programs are the first step in giving our children the support they will need to maintain our Nation's competitive position in the world.

Second, the resolution gives rural areas the chance to pull themselves up so they will not require large amounts of future Federal aid. Continued funding for Community Development Block Grants, community health centers, and the Economic Development Administration will enable rural areas to finance education, health, and industrial development projects.

Given the current fiscal situation, the Federal Government needs to do more with less. The budget plan achieves this goal by providing for productive, long-term investments while limiting overall spending growth.

I would like to commend chairman PANETTA and the budget committee members and staff for working together on this resolution. I encourage my colleagues to work together and support House Concurrent Resolution 121.

Mr. GRADISON. Mr. Speaker, I yield 6 minutes to the gentleman from Ohio [Mr. KASICH] a member of the Budget Committee.

Mr. KASICH. Mr. Speaker, I appreciate the gentleman yielding the time and I will not take the entire 6 minutes.

I want to thank the chairman of the Budget Committee [Mr. PANETTA] and also the gentleman from Ohio [Mr. GRADISON] for approaching the Rules Committee to give me a chance to offer this budget again. This is the third year that I have come forward with a budget, and I hope that the third time will in fact be a charm.

Let me just explain it because there are a lot of questions in the minds of Members as to what exactly this budget proposal does, and I am going to make it as simple as possible. I want to make it clear, and tomorrow we will have additional opportunity to discuss it.

But basically what I do is increase budget authority by the rate of inflation for 5 years in the area of discretionary spending. Additionally, in the President's budget the President says that the subsidy of the Federal Government on Medicare should be reduced by 50 percent for those people who are earning $125,000 a year.

□ 1520

Let me explain what this means. If you are now making $1 billion a year, your Medicare part B premium is about

$30 a month. Under the President's proposal, your premium, not your eligibility for Medicare or any of your benefits, but the premium that you pay to be considered to have coverage under part B Medicare, increases from $30 a month to $90 a month. If you are a senior citizen, and you have an income in excess of $125,000 a year, you are going to have an increase in your premium, because the subsidy that the Federal Government gives you is reduced.

Under my proposal, we take the threshold down to $100,000, so if you are making $100,000 and you are a senior citizen, you are going to have to pay a higher premium for your Medicare than what you would under the present situation. That does not mean you lose any Medicare benefits or anything like that. We are only talking about the subsidy of the Federal Government for your Medicare premium.

Additionally, I take one-half billion dollars a year out of the foreign aid column indicating that we can find that money out of the Non-Nation Grant Programs. There is plenty of money in those other areas to find this kind of money.

I adopt all of the other reforms that the administration has, particularly in the area of agriculture.

It is very little lifting, very modest restraint.

Basically what we are saying is that I am basically holding the growth of budget authority to the rate of inflation. That is the bulk of this program.

In the first year, it saves $8.1 billion more than what the President's budget does, and it would save more than that under the Democrats' budget, because the Democrats' budget proposal has higher levels of spending than the President's budget. So $8.1 billion in lower deficits in the first year, and over 5 years, it saves $87 billion more than the President's proposal.

I do not have an estimate over the Democrat' proposal, but it would be well in excess of $87 billion. So if you want to save $87 billion more over 5 years than either the President or the Democrat budget proposal, by only favoring a modest increase of inflation to budget authority, then I would suggest tomorrow you come to the floor and you vote for this alternative.

Do what you want on the other alternatives, but what I say to you is you can go home and say that you tried to do something to hold down the growth of government.

I would like to tell the Members that this budget proposal I have is the greatest thing since sliced bread. There is only one problem with it. Over 5 years, under the budget agreement that was agreed to, the national debt of the United States of America is going to go up by $570 billion. Over the next 5 years if we stuck to the caps and the budget proposal, it is estimated we go up by $570 billion, and since I am $87 billion less than the budget agreement, mine is still going to go up by $450 billion or $480-plus billion, but at least it is $87 billion less. At least it is a start.

So what I would suggest to the Members is that they take a good look at this. There are not any time bombs hidden in this proposal. We do not do anything to gut the programs of the poorest people or the entitlement programs. We follow exactly along where the President is in that area, focusing our attention primarily on discretionary spending.

One might say why. Well, in the area of discretionary spending, it increases by 15½ percent, and I want to do it by no more than the rate of inflation.

So if Members want to slow the growth down of discretionary programs, I suggest they vote for it. The thing that I think is so surprising about this proposal is that just with a modicum of restraint it can yield a big dividend.

You know, $8.1 billion in the first year, $87 billion over 5; just think that if we really got serious around here about changing the way government functions.

What I would like to do is to be able to pass this thing this year and to be able to come back next year and to really work on a bipartisan basis to really dig into this budget and really make significant changes in the areas of user fees, in the areas of reshaping the way government works, eliminating parts of government that do not make any sense.

Mr. Chairman, I do not have a lot of illusions that this is going to pass, but maybe if, by some stroke, tonight somebody appears in Leon's dreams tonight that he ought to get out and support this budget proposal, maybe we can do it.

We can adopt a proposal that makes more sense, and so everybody in all seriousness, I hope, will think about it as we get into the debate tomorrow.

I would greatly appreciate the support of the Members, not just Republicans, Democrats as well, who are willing to show some better restraint than what we did under the budget deal.

Mr. DURBIN. Mr. Chairman, I yield 2 minutes to the gentleman from Mississippi [Mr. MONTGOMERY].

Mr. MONTGOMERY. Mr. Chairman, I rise in support of the budget resolution and commend the distinguished chairman of the committee, LEON PANETTA, for his willingness to work with the Committee on Veterans' Affairs in agreeing to the funding level for veterans' programs. I thank the gentleman for his cooperation and leadership. Given the current budget deficit, I believe the resolution really treats veterans fairly.

I also want to thank the distinguished ranking minority member of the committee, Mr. GRADISON, for his help, and four other new members of the committee for their efforts to achieve a fair budget for veterans. It should be noted that L.F. PAYNE of Virginia, CHARLIE STENHOLM of Texas, MIKE PARKER of my home State, and RICK SANTORUM of Pennsylvania played a major role in working out the agreement for veterans. These four members of the Veterans' Affairs Committee are temporarily serving on the Budget Committee and Veterans throughout the country appreciate the work they have done on this budget. I am really grateful to all members of the Budget Committee, plus the cooperative staffs on both sides of the Aisle for working with us.

I also want to commend the President of the United States for focusing attention on the health care needs of our Nation's veterans. Last year he proposed an increase of $1 billion for medical care. In his fiscal year 1992 budget, he proposed another billion dollar increase. So, even though I disagree with some of the administration's budget recommendations, I commend the President for the priority he has given to health care for our veterans.

This budget resolution would increase discretionary spending for veterans as follows, and it is one of the best budgets we have had in a long, long time. And again, I want to commend the committee for their work toward veterans.

First, the resolution assumes an increase of $1.1 billion over the fiscal year 1991 level for veterans' medical care. This is about $211 million more than the President requested in his budget.

The resolution contains an additional $23 million for medical research, a $9-million increase for the processing of claims in regional offices, and a $5-million increase in the cemetery system.

This budget resolution rejects the $3.6 billion in cuts in veterans' programs contained in the administration's budget.

I know my colleagues want to know whether we are doing as much as we can for veterans. I think we are. A budget of $34 billion for veterans' programs is nearly $2.2 billion higher in budget authority than the 1991 level. It is $1.5 billion higher than the President's budget. If we are going to keep faith with veterans, the programs serving veterans require these increases. We could justify even more. I am not satisfied with a system where veterans must wait months to see a doctor or begin the process of rehabilitation due to a service-connected disability. We also have to recognize that the VA's Chief Medical Director can't be expected to manage effectively a national health care system with an administrative budget which shrinks each year.

We must begin to process claims for benefits on a more timely basis. It is taking far too long to process compensation, pension, and education claims.

Again, I commend the leadership of the Budget Committee for their work on the budget resolution, and I urge my colleagues to support it.

Mr. DURBIN. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. OBERSTAR], a member of the Committee on the Budget.

Mr. OBERSTAR. Mr. Chairman, I compliment the chairman of our Committee on the Budget, the gentleman from California [Mr. PANETTA], for his extraordinary diligence and perseverance in shaping this budget, given the limitations within which we had to work this year on the budget resolution, in the wake of the agreement at the summit in the last Congress.

Mr. Chairman, all of the Members on the Democratic side made a really great effort to shape, out of the hodgepodge budget handed to us by the administration, a focused, realistic, and responsible budget that does real deficit reduction while keeping faith with the values that we on this side of the aisle treasure and the people with whom we identify and about whom we are most deeply concerned.

This budget resolution keeps faith with working families, with children, with our need for competitiveness, with fairness to the elderly, to veterans, to farmers, to the working poor, to victims of AIDS, to the Nation's energy needs, to transportation in all of its aspects, the fundamental infrastructure needed to keep America strong and competitive.

□ 1530

One aspect that I am particularly pleased about is that the budget resolution rejects the President's fiscal 1992 request for a 13-percent increase over this fiscal year in funding levels for NASA and the proposed manned orbiting laboratory, which is to be a launch pad for the Moon-Mars mission. Manned space exploration just cannot be justified in these times of budget deficits, fiscal restraints, and pressing problems here on Earth.

I am for funding basic science, and will do that in the budget resolution. I think investing in fundamental science research is important for the Federal Government to undertake, but the manned orbiting laboratory is applied science. We might call it applied technology, and an expenditure we do not need and cannot afford. Cutting those funds, as proposed by the President, and investing them instead, more beneficially, in other areas is one of the great achievements of this budget resolution. I urge its adoption.

Mr. GRADISON. Mr. Chairman, I yield 6 minutes to the gentleman from Arizona [Mr. KOLBE], a member of the Committee on the Budget.

Mr. KOLBE. Mr. Chairman, this does mark the first year that I have served on the House Committee on the Budget, and I serve in that capacity as one of those members on that committee from the Committee on Appropriations.

It gives me an opportunity to see the process from both sides. We have certainly seen a variety of issues in the Committee on the Budget, and as the distinguished chairman of the committee said on the House floor earlier this year, the Federal budget does set the direction for our Nation. I want to commend the chairman of the Committee on the Budget, my good friend, the gentleman from California [Mr. PANETTA], and the ranking Republican on that committee, the gentleman from Ohio [Mr. GRADISON], for managing what is certainly a very complicated process, and for producing a budget resolution brought to this floor with more decorum and cooperation than years past.

I think realistically we can all admit part of that decorum, or the ease with which it is brought to the floor, has to do with the pain and suffering we all went through last fall. The fact of the matter is, the two resolutions, the two main resolutions which we will consider today or tomorrow, offered by the President and that offered by the chairman of the Committee on the Budget, are really, despite our attempts to make differences between them, close together. Out of a $1.4 trillion budget, we are looking at budget resolutions that differ in the aggregate by only $3 billion. Most importantly, both of these resolutions do have the spending caps that are required in the budget summit agreement that we reached last fall.

Nonetheless, there are differences, and I want to talk about those differences today. There are differences, of course, in spending priorities. My good friend from Minnesota talked a little bit about that a minute ago. There is a basic difference in that the President's budget keeps a greater concentration on what I call the research and scientific infrastructure of this country, whereas the Democratic proposal would shift some of that money over to the human services. Human services that we all recognize, but I also believe that if we lose the scientific infrastructure for this country, we have lost something that we cannot regain very readily. There are other sharp differences. There are other differences with regard to choices. The President recommended some tough choices, to look beyond this fiscal year. In a very real sense he came to the Hill wearing the budget upon his sleeve. I am afraid the majority budget ducks some of those choices. Let me focus on those.

The President offered specific funding reductions, and I know some of those will be pounced upon by those on the other side of the aisle. We have heard about some of that. Where do we see the specific cuts on the other side? The fact is, we do not. Why? Because the Democrat majority is relying on an unspecified 1-percent reduction in a variety of programs to bring their budget in compliance with the cap, but no guidance on these reductions was offered to the Committee on Appropriations or for consideration in this budget resolution. This is a rather curious thing. If we are not able to specify these cuts in the budget resolution here in a nonbinding budget resolution, how in the world are we going to work those out in what is binding, what is the law, in the appropriation bills? Yes, then there is another difference on the area of revenues. The President does offer some very specific choices, recommendations, that he has adhered to before, with regard to growth-oriented tax provisions. Yes, he recommends a reduction in the capital gains provisions. I know how controversial those provisions are. What was the response from the other side? The response was to do nothing in this area of growth-oriented tax revisions.

Finally, the President took a first step, a modest step, trying to get some handle on that increasing part of the Federal budget that is the entitlement programs, the mandatory spending, that part that is outside the purview in a sense of either the Committee on the Budget or of the Committee on Appropriations. The majority rejected these savings. They said that we should study them, but they offered no options of their own. We only need to look at the entitlement spending, at that mandatory spending, to know we have runaway spending on our hands there. A full 52 percent of Federal budget outlays presented here today are consumed by mandatory entitlement spending. The law regarding those entitlements money must be changed if we are going to reverse this, if we are going to do something to hold the line. What the President suggested was very simple. Simply link entitlements with income in as broad a sense, specifically focusing on the Medicare and the cost of Medicare. I know that is controversial, but the fact of the matter is we have got to consider that. The time has come for this body to consider whether or not we are going to have working people, single, unmarried mothers with children, subsidizing the very wealthiest Medicare recipients, and I think the answer to that is no. We should change that.

At least the President made some of those choices. He brought those to the Congress, and the Committee on the Budget has ducked some of those. So there are some significant differences in this budget proposal, the two budget proposals that we will be considering tomorrow. I think that the President has shown some leadership in this area, and I hope that the Congress of the United States will respond, if not specifically to the President's budget proposals, with their own budget proposals, that are more specific than what we see in the majority's budget resolution.

I believe the President's budget proposal does provide the leadership this country needs, and I urge my colleagues to support its passage.

Mr. DURBIN. Mr. Chairman, I yield 6 minutes to the gentleman from Texas [Mr. STENHOLM].

Mr. STENHOLM. Mr. Chairman, I rise today in support of the Democrat version of the budget, and I do in fully acknowledging the fact that the President's budget that he submitted is the first honest Presidential budget that I have seen in the Congress in the 12 years that I have been here. I give it a 2, and I say the Democratic version is 2.2, which means it is 10 percent better in some areas in which we differ.

However, I do believe that there is some leadership that was expressed on both ends of Pennsylvania Avenue last year in the budget agreement, and if Members remember, and I will quote, and I am not sure who ought to be quoted, whether it is Garfield or Confucious who said, when you find yourself in a hole, the first rule is to quit digging.

Last year's budget agreement that brings Members here this week, was an effort to stop digging. I believe a careful analysis of the budget, and the caps that we have agreed to live under will, in fact, show we have quit digging. We have not, as yet, begun to fill in the hole as much as this Member would like, but we have made a start. I believe we are laying the groundwork. The caps are very real. I would caution my colleagues not to get too overly exuberant in any one area about additional spending restraints that they may want until they have fully subjected themselves to the difficulty that we are going to have, living within the restraints that are in this budget that we are talking about today.

The restraints are very real. The pay-as-you-go is a very real instance in this budget that we are going to have opportunities, time and time again, to live up to. This is one Member that fully intends to do so, on all aspects of this year's budget, even including the provisions for cutting Government programs. Again, both sides of Pennsylvania Avenue and the Democratic budget are being asked to take a 1-percent cut from a freeze. One of the more significant cuts in spending is going to come in this body, if we pass the Democratic budget. Not in the President's budget, I might add, some of the most significant increases from the President's budget came in the request of additional expenditures for Government operation.

I differ in a couple of other areas with the President's budget, and I think they are significant, even though in the area of Medicare cuts, $25 billion in addition to what was cut last year in the Budget Reconciliation Act would, in fact, devastate my district. I lost 10 hospitals in the last 10 years. Another 10 would go under in the next 2 or 3 years if we pursue this kind of cutting without having an agenda or a solution in place.

□ 1540

WIC, fully funding the WIC Program I think is going to be one of the highlights of this year's activities of prioritization.

Finally, beginning to recognize that we cannot do everything for all people, but if we are going to do something, let us do it right and let us focus our efforts. In this case, it is the Women, Infants, and Children Program fully funded.

Now, I also differ very substantially with the President in the energy area. I think both in the budget recommendations and also in the authorization recommendations of the President's energy program, it is grossly lacking if you are concerned about domestic energy production.

Having said all these things, I am also very disappointed in some of the things we are not doing. I would like to have seen us pass a Davis-Bacon Reform Act in which we could have shifted up to $5 billion into areas where we do need to spend more.

I would like to have seen us take this antiquated act of 1933 that has not been amended since 1935 and make a decision that almost every one of us in this body admits should be done.

I would like to see coming forward this year sunset legislation. I would like to see certainly a constitutional restraint on spending involved down the line.

But today we are here to talk about the budget. We are talking about setting priorities for this year.

I think the Democratic version of the budget comes closer to meeting the priorities that I was sent here to represent.

I would say finally in closing, Mr. Chairman, I have heard a lot of rhetoric over the last several days discussing spending and the need for cutting spending. I would make this point. If you compare the 8 years of the Reagan administration and what the President asked us to spend in this body in total outlays, we overspent the President's request by $216 billion.

Now, I ask, if it is all the Congress' fault that we have created $2.2 trillion in new debt following the economic guidelines that were present for the last 8 years that are being suggested to be carried forward in the President's budget now, how can it be that it is all our fault in the spending area if we spent within $216 billion and increased our national debt by $2.2 trillion?

In the areas of discretionary spending, it is even more startling. When you compare the Presidential budgets of the last 8 years of the Reagan administration, when you look at discretionary spending in the areas where some of us on both sides of the aisle, I would say in fairness, agree that we need to do more in certain areas, and are going to be prepared to take it from those areas and spend more, but if you look at what we have done over the last 8 years prior to the current administration in the discretionary area, you will find that Congress actually spent $10 billion less than the President asked us to spend.

Now, this is one of the great puzzles to me as we debate the rhetoric around this body regarding our budgets every year.

I will say in conclusion the same thing that I said in starting. This budget that we debate today and we will pass tomorrow, the Democratic version is marginally, yes, but it is better in setting the priorities of what I perceive to be the wishes of the American people.

I do believe the President made an honest effort, but there are several areas in which he is deficient. I think my colleagues will find that voting for the Democratic budget will in fact be a better vote in setting the priorities and setting the agenda for the 102d Congress.

Mr. GRADISON. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SANTORUM], a member of the Budget Committee.

Mr. SANTORUM. Mr. Chairman, I am a new member of the Budget Committee. I am also a new Member of the Congress. I am the only freshman member on the Budget Committee. I fought very hard to get on the Budget Committee against the advice of some senior Members who thought it would be a rather frustrating experience to go through in your first year as a Congressman, but I fought hard and I am very glad I am here. I appreciate the opportunity to participate in what I see as one of the most important issues that faces this country, one which I found of particular importance to my district and to me.

I stand here before you very torn. On the one hand, I feel very strongly that we need further deficit reduction. I have had a series of town meetings in my district and I can tell you that the chorus is loud and clear on that, that a $300 billion deficit is not an acceptable deficit level.

On the other hand, I look and see a budget deal which is going to be assaulted over the next several years, and I hope that at a minimum we can at least hold on to those spending caps, that we can fight to make sure that we can keep at least this level of deficit spending at the level it is now, and not even go higher.

So I stand here torn. Should I support what is going on here, which is basically an automatic pilot budget? You can say the Democratic budget is better than the President's budget, but the fact of the matter is that we are looking at an automatic pilot budget. It is arguments over nickels and dimes, a few dollars more here and a few dollars more there. The figures are basically the same, or do we take a more aggressive stance and try to go after what I think is the No. 1 priority facing this Nation and facing this Congress, which is to try to get deficit spending under control.

I frankly am not convinced that the next 5 years will be as rosy as predicted by the Congressional Budget Office, that we are going to see zero budget deficits in the fifth year.

I do see from page 240 in the committee report that we are going to increase the Federal debt by $1.7 trillion. It is a 50-percent increase over the existing national debt over the next 5 years.

As you may see from my button, I am a new dad. I had a little girl about 6 days ago, Elizabeth Ann. I hope she is watching, and I am concerned about Elizabeth Ann because Elizabeth Ann is going to have to pay the interest on that debt. The children of this country are going to have to pay the interest on the short-term spending that is going on right here in the Congress today.

The vast majority of the budget is short-term benefit programs, not long-term investments for the future of this country and for those children. So I am torn.

I support the budget of the gentleman from Ohio [Mr. KASICH] because I think it takes the right step. It takes a step toward further deficit reduction without, frankly, being that painful to the entire process. I think it is a good first step.

I think even a better first step is a step which I suggested in the committee report, which is the Budget Committee to take seriously the job of analyzing and making priorities for this country and actually sitting down and getting the kind of information that is necessary to go about the process of producing a budget which has real national priorities and real debate within the committee.

I sat in that committee for many, many days and many hours as the only freshman member on the minority side. I sat for hours and hours to have an opportunity to ask my one question for 5 minutes, so I heard it all, or most all of it, so I know what the debate was, and it was not, unfortunately to me, a debate over the national priorities and the direction of the country and balancing this against that. It was nickels and dimes.

We as a Budget Committee are there to do more than that. We are there to be better than that. We are there to address the big issues.

I have submitted this for the good of the order and for the RECORD and will continue in my time on the Budget Committee to push the committee and Chairman PANETTA and the gentleman from Ohio [Mr. GRADISON] who recognize that we have an important obligation as a Budget Committee to set priorities for the Nation. Let us take on those responsibilities and start solving the problems.

ANNOUNCEMENT OF THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. MONTGOMERY). The Chair will have to remind our guests that they cannot participate in the debate on the floor, even though the gentleman from Pennsylvania had something to brag about.

Mr. DURBIN. Mr. Chairman, I yield myself 5 minutes.

□ 1550

Mr. Chairman, it has been my honor to serve on the Committee on the Budget now for 4 years. This is my fifth year. I have seen a lot of changes in that period of time. I think the budget summit agreement of last October has brought about some rather dramatic changes. One of the toughest things to explain to the people of America, certainly the people of my district when I return to town meetings, is how Congress can spend so much money and yet have so many problems. Every Member of Congress has spoken to a constituent or a friend who has said something to the effect of, "I can balance my checkbook. Why can't you balance yours?"

That is a good challenge. It is one that I think every Member of Congress takes seriously. But allow me to share with you just for a moment what the budget process was all about this year. You may conclude, when I finish this, that we had little to decide.

The budget summit agreement and some of the rules that we now play under, written and unwritten, in Washington, DC, make it almost impossible for members of the Budget Committee to sit down and come to grips with the $1.5 trillion budget.

Now, why is that, you say? Let me tell you what it is composed of, just the major elements in this budget.

On the defense side, $295 billion, almost sacrosanct. Now, that is on a glide path that will decline the spending in the Pentagon over the next 4 years. Most people have agreed that has to occur. I certainly support it. But because it is on this diet by itself and because no savings from the defense spending can be used to be spent on anything else in Government because of our budget summit agreement, we do not touch it; $295 billion sitting out there, untouched, by this Budget Committee.

The next area is entitlements. Hold the phone here. The minute anyone starts to mention Social Security and Medicare, full-blown panic sets in in Washington, DC. You may have heard recently a quote from our President which has been repeated by Members of Congress, "Don't mess with Social Security." Certainly that is the message I bring home from by district.

Well, if you take Social Security and you take Medicare and you take the other entitlement programs such as the veterans program, which Chairman MONTGOMERY alluded to earlier, and set most of those off to the side and say that we are not going to address those programs, you have just taken away another $680 billion untouched in this budget. It is basically there, it is going to be spent that way.

Now let me tell you about two hidden items in this budget which others have alluded to and which bear repeating.

Deposit insurance, remember the great savings-and-loan crisis? We are still paying to get out of that mess. In this next calendar year, we will spend about $100 billion to get us out of that mess with the savings-and-loans, 100 billion bucks for mistakes made years before that we are going to have to make good on.

As somebody in Congress said, nobody wants to "pick up that dead cat from the road," but frankly we are going to have to do it.

Now, interest on the national debt, in the next fiscal year, over $200 billion for interest on the debt. We cannot mess with that figure, that is what we were given and that is what we have to deal with. So you have taken out defense, entitlements, deposit insurance, and you have taken out interest on the national debt. What is left? Total nondefense discretionary spending, $230 billion out of a $1.5 trillion budget. That is what we fight over. That is what the budget debate is all about.

America has set itself on a course at the Federal level in spending which we are not going to deviate from. Both parties have almost reached bipartisan agreement. There is some truth to what the Republicans say, that what the President has to say and what the Democrats have to say is very similar because we are dealing with a very small slice of this pie, $230 billion out of $1.5 trillion.

I will say this in defense of the budget, and I certainly believe Chairman PANETTA has done a great job in putting it together under very difficult circumstances. If we have to take the $230 billion and spend it on America's priorities, the Democratic budget spends it on my priorities. Education, if we not invest in our kids, who is going to run this country? Head Start Program: Any Federal taxpayer who is still fuming over sending that check yesterday, drop by a Head Start center and see what is happening to those dollars. That is money well spent. The Democrats want to put more money into it to make sure that disadvantaged kids have a chance to avoid dropping out of school, have a chance to avoid being pregnant, to avoid becoming welfare statistics and avoid becoming crime statistics.

The WIC programs, who is going to argue about nutrition for pregnant mothers and for young children?

Energy security programs, antidrug programs, VA, AIDS, medical research, these are priorities I share. I only wish we lived in a time when we could put real money into spending for real problems in America. I think we have faced it responsibly. I think the Democratic budget that the committee offers and the Democratic version is one that all Members should support.

Mr. GRADISON. Mr. Chairman, I yield 4 minutes to the gentleman from Ohio [Mr. REGULA].

Mr. REGULA. I thank the gentleman for yielding.

Mr. Chairman and my colleagues, I have been listening to the debate, and I have heard about all the wonderful things that have been added to and above the President's budget. I have not heard anything said about where it is coming from. I have not heard anything about the programs that are going to be downsized in order to do these great things that we have heard about thus far.

I want to address specifically function 300, the natural resources budget. The reason for that is I know that when we get around to doing markup on the Subcommittee on Interior Appropriations bill, we will get the usual requests, as we did last year, from about 350-plus Members wanting all kinds of projects, and I just want to alert the members that if we are not able to do these projects, it will be in part, if not all of them, because money was taken out of function 300. The money taken, the total reduction in function 300 from the President's budget is $900 million in budget authority, $600 million in outlays.

Now, the document is a little ambiguous as to exactly what functions are going to be reduced. But I have to say to you that if you look at the overall 300 function in natural resources, it includes a reduction in the protection of endangered species, reduction in the wildlife refuges that will be funded, there will be a reduction in reforestation. Certainly the America the Beautiful Program that the President has pushed and that we all support will be reduced considerably under this budget as opposed to what the President has brought out.

Also, the Bureau of Reclamation, today we hear a lot about wetlands conservation; that is reduced under this budget, its support, in comparison to the President's.

I think it should be pointed out that this year, perhaps for the first time, we have had a strong presidential budget in the field of natural resources, the best I have seen for several years. It is going to be cut as a result of the Democratic proposal that we have before us today.

So I think Members need to be alerted to that fact.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from California [Mr. PANETTA].

Mr. PANETTA. I thank the gentleman for yielding.

Generally, Mr. Chairman, with regard to some of the areas the gentleman has identified, he is correct that those are the areas we basically had to freeze and do a 1-percent cut in some of those areas.

But if you look at the overall functional area that comes under the jurisdiction of the subcommittee of the gentleman, and when you consider the additions that were made with regard to the Smithsonian, the NEA, the NEH, Indian health, Indian education, and land acquisition, we added $50 million above the President. In the energy area we provide $850 million, most of that in the jurisdiction of the subcommittee of the gentleman from Ohio.

I think overall the gentleman's subcommittee will probably be at baseline.

Mr. REGULA. Yes, reclaiming my time, the gentleman is correct. But those are things that are ongoing functions of the Government. I think the thing we get into is the priority choices on the discretionary side, particularly the projects that Members bring to us where it gets tough to find adequate funding for those in question.

I noted in the list that the gentleman gave, the gentleman alluded to, none of those was included in the ones that I addressed. I understand that, under the agreement, you have to find it somewhere if you are going to add other things.

I want to alert Members that there is a price to be paid for the gains to be made in some of the other areas. In natural resources this is a very important function.

As a credit to the President, they did produce this year, I think, a very strong budget in terms of our natural resources.

Mr. GRADISON. Mr. Chairman, I yield 7 minutes to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. I thank the gentleman for yielding.

What we have here is essentially a discussion of priorities. We have a discussion of priorities within a fairly narrow framework because much of the budgets of both the President and that brought forth by the Democrats is the same.

□ 1600

And so when the gentlemen, like my colleague from North Dakota, come to the floor and tell us that the priorities represented by the Democratic budget are in fact his priorities, I think we need to examine not just what he says they are going to increase, but what they are doing to reduce, because the fact is that they have made some very conscious choices about the direction that they choose to go. They have indeed put money into some of the social welfare efforts that my colleague from North Dakota identified, and others before him have identified, but what we do not hear much talk about what did they cut in order to get to these priorities, and the fact is where they have taken the money out is out of science, space, and technology.

What they decided was not a priority with them is building the new technology of the future. It is not a priority for them to see to it that we have an aggressive space program. It is not a priority for them to see to it that in the Nation science is advanced. It is not a priority for them to have the kind of technological base that will in fact drive the economy of the next century, and so they have taken massive cuts with regard to the President's budget in a number of these areas.

Now let me tell my colleagues just exactly what they have done. I say, if you take a look at the space program, if you take a look at NASA, you will find that the President's request was $15.7 billion. What the Democrats have done is they have cut 70 percent out of that requested increase, and what does that mean in terms of the program?

Mr. Chairman, it means we cannot do the space station. What they have done is they have held the line on space station spending, and I say to my colleagues, you can't hold the line on space station spending when we're now moving toward bending metal and putting the redesigned station into space. You can't do it. It's impossible to do.

What the committee has decided is we are not going to have a space station as a Nation. What that really means is that the high-technology driving vehicle of the future is not going to be there.

Remember space has paid back to the GNP at a 9 to 1 ratio. For every dollar we have invested in space, we have gotten 10 back, $9 in the gross national product. The reason we have gotten back so much is because it is a driving technology. The more which is spent there, the more it tends to drive technology for other things, and the paybacks are tremendous.

Mr. Chairman, what the Democrats have decided is that they do no want those paybacks. They are not going to do the project that promises those paybacks for the future.

It is also decided that the national aerospace plane, which is the driving technology for the next generation of aircraft, is going to be exclusively a Defense Department project. Now we had attempted to hold it as a program that was shared by both NASA and Defense. Obviously there are great advantages to the Defense Department's getting an airplane capable of going anywhere in the world in 2 hours. But it seems to us that there is also an advantage to having civilian aircraft capable of doing that, of flying across the country in 15 minutes.

Mr. Chairman, I say to my colleagues, if you put all of the eggs in the Defense Department basket, you're going to get the military version; you're not going to get the civilian version, and that is what the Democrats have decided to do in this budget. I think it is a wrongly selected priority, but that is what they decided. That is where they come down.

They have also decided to ground several space shuttle flights and perhaps affect the safety of flying the space shuttle, and I say to my colleagues, when you do that, it has an impact on our space science programs for the future, and that means that some of the data that we are hoping to collect, both in terms of mission to planet Earth, about the environment here on Earth, and about the space environment, will not be gotten because the Space Shuttle will be on the ground and not flying the missions that we had hoped for.

Mission to planet Earth is one of the things that was described by the Augustine Commission, the Commission that looked at reforms of NASA as being extremely important because they said that what we need to do is to begin to measure environmental data in the United States and around the world. We need these critical measurements about environmental conditions so that we can deal with global change. We will not get them under the Democratic budget.

In NOAA, in the National Oceanographic and Atmospheric Administration, they are making cuts there as well. The President requested increases of $159 million in those accounts. Not only do the Democrats not give him that increase, they cut NOAA by $15 million.

What does NOAA do that is so important? They are also involved in the whole question of global change. NOAA's participation in the Federal Global Change Research Program will be decimated by this and will possibly be impossible to do. Furthermore, they will kill the Weather Service Modernization Program, and that is a direct threat to life and property by killing off that particular program.

Mr. Chairman, I just met a few minutes ago with the administrator of NOAA. He tells me factually, "You cut them $15 million and they can't do weather modernization, and they can't do global change."

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from California.

Mr. PANETTA. Again, I guess we always have the habit in Washington of, when there are increases and there are cuts in the increase, it represents a cut. The fact is on space, with regard to space, what we provide is current levels, plus inflation, which means another 4 percent on top of that. So that for space specifically we provide baseline funding.

Mr. WALKER. Sure.

Mr. PANETTA. And we did that in particular, I might say, with regard to the space station because of concerns that were raised over the last few weeks about the direction of the space program.

Mr. WALKER. Mr. Chairman, let me say to the gentleman from California [Mr. PANETTA] that every year that's what you do. Every year that's what you do. Last year what you did was you raised questions, you cut the budget back. The 302(b) allocation to the Committee on Appropriations caused them to have a redesign. We went and redesigned the space station in order to meet that. Now of course you get a few scientists who are raising questions about it, but the fact is that you can't do the redesigned station, you can't do the cheaper station, with our budget, and somewhere along the line you've got to commit the money in order to do the station, so in effect, if what you're saying is those questions have now caused you to believe that the space station shouldn't be built, that's what you have accomplished. You have now said that questions have been raised, we are not going to build the station because there's not enough money in your budget to do it.

Mr. PANETTA. Mr. Chairman, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from California.

Mr. PANETTA. Mr. Chairman, I say to the gentleman from Pennsylvania [Mr. WALKER] that when you have a few scientists who are familiar with the space station, who raise questions about it and raise questions even, you know, so that the White House itself has to come to the Hill and decide whether or not it's to be continued, when you're fighting for some of the priorities we're fighting for in this budget, it seems to me to make sense that this is a legitimate area where you can hold spending down.

Mr. WALKER. The only people that have raised questions about the space station, I think the gentleman knows this, is the National Research Council, that has always been opposed to the space station because they are not for manned space programs. They are for space science programs as opposed to manned space, and so they have raised questions.

I say to the gentleman, I can show you reports going back 10 years where the National Research Council said that they do not think a space station can be used in certain ways, and they've said it over again.

So, these questions are not new questions. Anybody familiar with the field knows that it was simply a red flag going up by people who have always raised questions. The fact is though that what they have done is they have taken those questions and they have created a scenario whereby the space station will not be built and where the national technological base will be undercut.

Mr. GRADISON. Mr. Chairman, I yield all of the remaining available time on our side to the gentleman from Texas [Mr. ARMEY].

I would like to ask the Chair before actually doing so: Just how much time is remaining on our side?

The CHAIRMAN pro tempore (Mr. MONTGOMERY). The gentleman from Ohio has 1 hour and 20 minutes remaining.

Mr. PANETTA. Mr. Chairman, I believe the time that the gentleman from Ohio [Mr. GRADISON] wishes to yield to the gentleman from Texas [Mr. ARMEY] is the time pursuant to the Joint Economic Committee, which has 2 hours, and I believe that the gentleman was going to yield to him 1 hour. Is the gentleman going to yield him more time?

Mr. GRADISON. Mr. Chairman, my intention was to yield all the remaining time. We do not currently have any other speakers on subjects other than the Humphrey-Hawkins issues, but I thought, if some came over to the floor, perhaps it would be more convenient for the gentleman from Texas [Mr. ARMEY] to yield to them rather than go back and forth over here. So, that is the reason for yielding all the remaining time, the 1 hour and 20 minutes, to the gentleman from Texas [Mr. ARMEY].

Mr. PANETTA. Mr. Chairman, I yield 6 minutes to the gentleman from Kentucky [Mr. MAZZOLI].

Mr. MAZZOLI. Mr. Chairman, I thank the gentleman from California [Mr. PANETTA], the chairman of the Committee on the Budget, for yielding this time to me, and let me salute the gentleman from California and the gentleman from Ohio [Mr. GRADISON] on having done really yeoman work in producing a budget from the committee within the time constraints they faced.

Mr. Chairman, all of us are products of our environment. We are all products of our background, and it is from these backgrounds we bring to the Congress that we form our priorities.

So, having said that, I believe the priorities that I stand for and feel most comfortable with and which represent the aspirations of my community, Louisville and Jefferson County, KY, are demonstrated best in the budget offered by the gentleman from California, what we call the Democratic budget, and I would like today just for a few minutes to talk about some of those priorities and to endorse those priorities as they appear in this budget.

Mr. Chairman, my community is a community, as many urban areas are, composed in large numbers of senior citizens, elderly people, poor people, young people, vulnerable people, people who need help and assistance.

□ 1610

In this setting, some of the priorities that are addressed in the Democratic budget that I think are advantageous and should argue for its adoption later when we vote would be those dealing with children. There is a women, infant, children program, which we call the WIC Program, which is a nutritional and dietary program for women, infants and children. The Democratic alternative budget adds $127 million for the funding for that program, for a total of an additional $350 million for the WIC Program.

With regard to the Head Start Program, and we are all familiar with Head Start, which gives our children a chance to make it in the regular school setting, and the Democratic budget provides an increase of $350 million for Head Start spending. That is up $250 million from the amounts recommended by the administration.

With regard to drugs, I happen to serve on the Select Committee on Narcotics Abuse and Control, and in Louisville and Jefferson County we have, as every urban area has, a problem with drugs. We approach it from the standpoint of not just law enforcement but also from the standpoint of prevention, of education, and of treatment.

In the Democratic budget, there is an additional $1.3 billion, $1.3 billion of additional spending in the category of antidrug programs. That is $142 million more than the President would urge us to spend.

I would like, parenthetically, to say that the new drug czar, Governor Martinez, former Governor of Florida, has made a very good start because his approach is a multifaceted approach to the whole question of solving our drug problems.

In the area of mass transit, Louisville and Jefferson County are very dependent on mass transit provided by our TARC system. The Democratic budget provides an increase of $281 million for programs involving mass transportation. Furthermore, it does not change the Federal-local percentage for capital construction. Currently it is 75-percent Federal money, 25-percent local money on new mass transit starts. That stays the same, despite the fact that the administration would ask us to change that percentage. Also the current 80-percent- 20-percent share for mass transit capital projects remains the same.

I just was paid a visit earlier this afternoon, Mr. Chairman, by our library people from back home in Kentucky. They are very concerned, and we in Jefferson County are very concerned about our library system. In our Democratic budget there is $148 million provided, $113 million more than urged by the President for library programs.

In energy, has there ever been a time when we needed to go into alternative energy, other forms of energy, to extricate us from the coils of the Middle East? We just saw that demonstrated in the gulf war. We need to be energy independent. There is $800 million of additional spending in the Democratic program for various forms of alternative energy activity.

Community development block grants, CDBG's, which back home in Louisville and Jefferson County are very important for economic development, for revitalizing our community and for structures. It is a way of getting Federal money to the local community with flexibility so that local communities can use this money as local priorities warrant.

There is some $266 million additional in the program over what the President would have requested, for a total of $2.3 billion.

We have housing programs in Louisville that are very important to our community. The various subsidized housing programs are given an increase of $2 billion in the Democratic budget, and that would include homeless assistance, which we in Louisville and Jefferson County have used and find very helpful.

Also, what is called LIHEAP, Low-Income Home Energy Assistance Program, has $1.7 billion in the Democratic budget. And then the Low-Income Home Weatherization Program has $250 million, which is $226 million more than the administration would request.

Having said all of those numbers, and they are numbing, that's true any time you talk about numbers, the essence of all those numbers, Mr. Chairman, is that my priorities, and I think the priorities of my community, are better served by the Democratic budget. And I urge the House, when the votes occur tomorrow, to vote up the Democratic budget and vote down the President's plan.

Mr. FRANK of Massachusetts. Mr. Chairman, I yield myself 7 minutes.

I know the gentleman from Texas intends to proceed after this into the Humphrey-Hawkins discussion, so I just wanted to talk first about the budget. I appreciate his allowing us to arrange that.

Mr. Chairman, there is one sure way to tell, when political debate is going on, which side thinks it has the unpopular side of the argument. They are the ones who try and claim that there really is not any issue at stake. My side has done that from time to time. Sometimes when the crime bill has come up, you hear on the Democratic side complaints that we are not talking about the real issues. That is generally because Members on this side think that we have the unpopular side of the particular disagreement.

Today and for the last couple of weeks we have had that from the Republican side. Republican after Republican, in committee and on the floor, has gotten up to announce that there are not very many real differences. That is what people say when they think the differences that do exist reflect badly on them politically.

The Democratic budget does make some cuts, as the gentleman from Pennsylvania said, in some of the areas of space, for instance. It puts it into inoculating children. It puts it into feeding hungry children. It puts it into research. We do not just cut consumption, we put it into research. But we increase the President's budget some in the area of the National Institutes of Health.

We do do more to meet pressing domestic needs than the President's budget. And what is the Republican response? Not that their budget is better, but that our budget is not better enough for us to feel so good about it. I will agree that, given the budget agreement last year, the margin for improvement over the President's budget was less than I would have liked. Although if you are going to judge the difference between the parties on these issues, go back to last year's budget negotiations, when once again the Republican cry was, "Oh, there is no real difference."

Again, remember, Mr. Chairman, when you are watching a fight and one contestant wants to clinch, you probably have a sense that he does not think it is going too well for him.

Once we have agreed on the amount of money to be spent and we are now deciding how to spend it, the Republican side, they understand is the unpopular one. No, the cuts in Medicare that the President wanted last year and that he wants again this year are justifiably unpopular. They would impose on medical providers like hospitals a burden they could not meet. It would eventually result in a further deterioration of health care that goes to older people. That is what is in here. We reject the cuts the President had made.

I am glad to see that the Budget Committee did not reject the proposal that people who make more than $125,000 a year pay more. That is a relatively small amount of money. I am for it. I hope that the Committee on Ways and Means adopts it.

But the great bulk of the cuts, the billions that were cut, would have reduced health care for ordinary people.

We provide more money for Head Start. We provide more money for housing. Secretary Kemp lamented earlier this year that we did not do enough for home ownership.

Mr. Chairman, the Democratic budget provides considerably more in new money for that kind of program. The Republicans do not want to talk about it. Instead, they say, "You didn't make a big enough change." Well, for those Republicans who think we did not do enough for human services, hope is in sight. In about a month we will be debating the armed services bill.

Under the budget agreement we could not do this year what many of us have tried to do in the past, take away from military spending and put it into pressing domestic needs or deficit reduction. And I was not in favor of trying to do it this time, because we should not be making military budget cuts in a way that leads people not to understand where we are cutting, because there are some very essential things in our military. There is a lot in our military about which we should be proud.

But, Mr. Chairman, in a couple of weeks or maybe a month, my colleagues who did not think we made enough of a change will have a chance. Some of us are going to say that for America to continue to defend Denmark against an invasion by the Czechoslovakian Army is rather a poor use of funds. But we do that. We have the same NATO budget that we had 20 years ago. American policy in Europe was founded on the premise that Russia might lead Hungary, Poland, Czechoslovakia, Bulgaria, and East Germany in an invasion of Europe. Some of us are going to say in May that we are ready to predict that that will not happen. I cannot say that Russia will continue to move in a democratic fashion. I wish it would.

□ 1620

I do not know that. I do know that the day when Russian general would say, "I have got a great idea: Let us give guns to the Hungarian and Polish Armies and turn our back," is over. That is not going to happen.

In fact, what we have, Mr. Chairman, is a current situation, and we are going to address this. This budget does not make the cut yet, but you will get your chance.

We have the Germans supporting troops in Germany. The Germans are now paying for troops in Europe. We have American troops in Europe, paid for by American tax dollars, or borrowing, which are there to protect Germany against the Russian troops.

Now, where are the Russian troops, that we are paying with American dollars, to protect the Germans against? They are in Germany. Who is paying for the Russian troops? The Germans.

So American taxpayers are paying American troops to be in Germany to protect the Germans from the Russian troops that the Germans are paying to stay there.

Why do the Germans pay Russian troops? The Russians said they would not agree to German reunification unless the Russians could get their money from the Germans.

Why do the Russians not bring the troops home? The Russians, of course, have troops on the territory of NATO, which we are spending about $100 billion a year for, NATO.

The Russians cannot bring their troops home, because they have nowhere to live. You might wonder why the Russians are so concerned about homelessness. Well, when the homeless have AK–47's, you do not want to have them around. So they get the Germans to pay for it.

So we will give you the chance in a month or so to reduce asking the American taxpayer to pay to keep those troops in Germany to confront the Russian troops that the Germans are paying to stay there.

In the meantime, we had to work within constraints. Within those constraints, in every program that is important to the welfare of the American people, I believe we have made increases.

Yes, we cut science. Most of the Republicans think the cuts were trivial. The gentleman from Pennsylvania does not. I think we cut that aspect of the scientific budget which has gone more for prestige, which has gone more for projects which private enterprise is not interested in, and less for the kinds of things that are important.

I am pleased that we transferred money into research in the National Institutes of Health. That is good economics, and it is also a better quality of life, and less in things like the Space Station. I do not believe that the justification for the Space Station is there.

I was pleased to have my friend from Pennsylvania, not always a friend of government, talk about how essential a high level of Government spending is to the technological base of this country. But I think on the specifics, he got it wrong.

Mr. ARMEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I want to first begin by thanking my good friend and colleague, the gentleman from Massachusetts [Mr. FRANK] for his comments. I always enjoy listening to the gentleman from Massachusetts. But in the spirit of political correctness, within a multicultural community, I do feel somewhat misled, because the gentleman kept referring to the democratic budget. I was not sure whether he was referring to the recommendation of the President, or that which was produced by the Democrats.

If in fact the gentleman would want to talk about a democratic budget, then he must be talking about the budget of the President. If the gentleman wants to talk about the Democrats' budget, then that is another thing.

I know this seems like a matter of semantics, but in this age of political correctness, it seems to me we ought to tend to these little seemingly meaningless details.

Mr. FRANK of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. ARMEY. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. Mr. Chairman, is the gentleman going to talk like that for an hour?

Mr. ARMEY. Mr. Chairman, the gentleman appreciates the observation of the gentleman from Massachusetts [Mr. FRANK].

Mr. Chairman, there are two ways that one can evaluate alternative budget proposals before the Congress. If you are going to evaluate them in a manner that is commensurate with the law of the land, namely the 1946 Employment Act, as amended by Senator Humphrey and Congressman Hawkins in 1978, the two alternative ways of evaluating the alternative budget proposals are either to evaluate them in a manner in which we are most likely to do around here, relative to the question of what does this budget do for or to the Federal Government, or, conversely, in compliance with the spirit of the Employment Act of 1946, as amended by Humphrey-Hawkins, what does the budget do for the American people.

If in fact you want to take an inside-the-beltway perception of the matter, and if in fact you want to believe that the only problem that is worthy of our concern in this body is our problem of our large government debt, then you will find between the President's budget proposal and that which is brought to this body by the Democrat majority of the Committee on the Budget, quite frankly very little difference, because, in fact, neither budget proposal does much of anything to alleviate the problem of our debt.

On the other hand, if in fact we were to be a little less self-serving about this and recognize that the Federal Government of this country is to serve the needs of the American people, rather than to be indulging itself every day with a preoccupation of what it is we can do for ourselves today, you might find some very substantial differences between the President's budget recommendation and that which was brought to the floor by the Democrat majority on the Committee on the Budget.

Mr. Chairman, I would argue that in a rational, responsible, legal evaluation of these two budget alternatives, the difference between the President's budget recommendation and that budget proposal brought by the Democrat majority in the committee are very great indeed.

As a matter of fact, looking at it from the point of view of what does the budget do for the American people, we cannot take a great deal of satisfaction in either budget. There are many of us, particularly in the most conservative side of the Republican side of the aisle, that think both of these budgets do the wrong thing, fail to do the necessary thing, and continue to do too much of the wrong thing.

But even within that context, let me suggest that evaluating the two alternative budget proposals relative to the needs of the American people, the President's budget proposal is clearly the least worst way to do the wrong thing.

On that basis, recognizing, of course, that both budgets are constrained by the fact that the Congress of the United States will not reform that portion of our budget which is 52 percent of our budget called entitlements, and put in any differentiating language that allows us to expend the largesse of the American taxpayers on those who truly need it, rather than those who rise to the occasion of getting something for nothing because they think that is what you get when you get it from the Government, rather than either budget proposal being able to do that, because the Congress of the United States will not revise the entitlement legislation that they have put on the books, most notably during and since the Great Society programs of the sixties, and given the fact that both budget proposals are further constrained by what many of us thought was a particularly bad budget summit deal last year, and that both budget proposals at least pretend to conform to that budget summit deal, they do not do the heavy lifting in budgeting that is required for these budgets to serve the needs of the American people. They confine their attention in budgeting only to what it is we can most do for ourselves in this governing town in order to at least create the illusion of alleviating our problems of our deficit spending.

On the other hand, as I said, I see a great difference between the two budgets. The least worst way to do this is the way recommended by the President's budget recommendation, to write a budget proposal that managed to keep some faith in the American people and to some extent at least leave options, creativity, spending, and a larger share of their own earned income in the hands of the working men and women of this country.

That is to say, the President, to the larger extent than the budget recommendation brought to the House by the Democrat majority on the Committee on the Budget, has a budget proposal that puts its faith in the creative talents of the American people.

□ 1630

The Democrat majority's budget proposal, on the other hand, says it is time for us to put even more faith and more of the working man and woman's money into the hands of the Government, and that we should put our confidence in the Government.

Mr. Chairman, my mama taught me a long time ago something that I call ARMEY's axiom. It seems to me rather clearly evident on the surface that nobody spends somebody else's money as wisely as they spend their own. If the case for that axiom is not made by watching the frankly foolish, frivolous, wasteful way in which the Federal Government spends the taxpayers' money, I do not know how we would ever learn that case. It is only by virtue of our own self-servingness that we can fail to see that.

What I would like to do, I am prepared at this point to yield to others who might want to interject in the debate, but after giving others an opportunity to respond to what it is I have said at this point, most particularly that the differences between the President's budget recommendation and the Democrat budget recommendation are significant, I would like to then go on and talk about and give a brief legal history of what it is that has brought us to this portion of the debate on this budget cycle that has caused the Humphrey-Hawkins debate.

So at this point, Mr. Chairman, I reserve the balance of my time.

Mr. PANETTA. Mr. Chairman, I yield 7 minutes to the gentlewoman from New York [Ms. SLAUGHTER].

Ms. SLAUGHTER of New York. Mr. Chairman, I think this budget resolution is a good one. As one of the newer members on the Budget Committee, I not only have learned a great deal and certainly seen the hard work that goes into it, but I think it is important because it does signal a meaningful change in the direction of our Federal spending priorities.

At last we are starting to invest in America again. This budget resolution recognizes that we can no longer ignore those investments which made this Nation strong. It affirms that the economic future of the United States is inextricably tied to the quality of our education, to our health care and our infrastructure systems, and it makes clear that we can increase our support for these critical programs without breaching our commitment to fiscal responsibility.

We not only can increase our investments in America again, we must.

This resolution sets forth a bold commitment to education, a $2 billion increase for elementary, secondary, and higher education, and $350 million to give 72,000 more children a head start on education and in life. And we recognize that that is not enough, that more children need to be served, and we have made a commitment to make sure that we reach those children with future budgets. The children of America are well worth this investment, and indeed our economic future depends upon them.

In America today and every day more than 100,000 children do not attend school regularly because they are homeless. They are the children of the nearly 3 million adults who have no job and no home. This resolution recommends the full funding of $50 million for a program that we created last year to give these children the help that they need desperately to overcome those barriers that are imposed by homelessness.

To a lot of Americans these are invisible people. They do not see 100,000 children in America unable to go to school each day. This statistic is almost meaningless. But these are children who are going to grow up in America, uneducated, untrained, their health care needs not met. Many of them will never go back to school. Some of them, with this legislation that we have passed and that is funded in this bill, will be able to have a quiet place to study, books and papers to work with. The gifted and talented among them will be sought out and helped, and they will be sent to the health care that they are entitled to.

Is that just a bleeding heart Democrat kind of program or is that our economic future?

Think about this statistic: Every class of dropouts costs this Nation $240 billion in lost wages and additional social spending over their lifetime, $240 billion. Simply put, we cannot afford to ignore the needs of these children if we are going to compete in this world.

In the area of health care, the resolution provides significant increases for the infant mortality programs which are a disgrace, and there are about two countries that are worse than we are, Bolivia and Haiti. We do more for child nutrition so that in this country fewer children will go to bed hungry. And immunizations. Most of the mothers and fathers of my generation believed that measles was a thing of the past, and it is a disgrace in this country today that we have cut back on the vaccination program to the point that about 23,000 children last year had measles and 60 died, and many more have been left damaged for the rest of their lives.

The resolution recommends a $350 million increase in WIC, the Women, Infants, and Children Program to reach the millions who live in poverty and hunger. It provides $550 million for the National Institutes of Health, one area which we have woefully underfunded in the past, and it targets additional funding for women's health research which has been neglected altogether.

This resolution increases the Federal commitment for childhood immunizations, as I said, so that American children will not die of diseases that we have found cures for, and with more money for NIH, more cures for diseases should come.

Mr. Chairman, we know in order to revitalize our manufacturing sector in this Nation, a cause critical to our economic future, a strong infrastructure of mass transit, airports, highways, and housing is essential. For more than a decade we have allowed this critical link which binds our local economies together to crumble. And as these assets deteriorated, so too did our industrial strength. This resolution recommends nearly $4 billion to begin the rebuilding of America, a first step on a path to our industrial renaissance, to a time when Americans will once again be employed in jobs paying above the minimum wage, producing quality products and goods that people want to buy.

Finally, the resolution calls for a reexamination of our defense spending as well. As we struggle to produce budgets that abide by the caps set forth in last year's deficit reduction agreement, we must find new areas for future spending cuts and pose some serious questions. One serious question obviously is can we afford to continue spending $170 billion a year to defend our allies, such as we do with NATO, defending West Germany from East Germany. Can they not now afford to defend themselves, or help to pay for more to do so? Should we keep spending $20 billion a year to protect the sea lanes around Japan? Against what enemy? Do we need to maintain 37,000 troops in Korea more than 40 years after the war?

This year it was a difficult task to make the important investments that were contained in this resolution. Next year, given the structures of the budget agreement, the challenges will become even greater. But as a newly appointed committee member, I look forward to working with all of my colleagues on the Budget Committee to meet the challenge.

Mr. ARMEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Texas [Mr. DELAY].

Mr. DELAY. Mr. Chairman, I rise with a little bit different point of view. Having been home most of the last 3 weeks, my constituents understand why we are in a recession. Unfortunately, this House does not, as evidenced by the debate that has been going on all afternoon.

My constituents know that we are in a recession because we spend too much in our Government, we tax too much in our Government, and we overregulate our economy, done by our Government.

□ 1640

My constituents understand that. Unfortunately, listening to the debate today, we are nitpicking in the debate today. Most of the debate today has been between the Democrats' proposal and the President's proposal.

I might quote from the minority views of the Committee on the Budget, "But the differences in spending priorities are so small between the two budgets as to be nearly invisible. They total 0.2 percent of the budget. The Democrats' proposal is 99.44 percent George Bush."

That brings me to the notion that you know one by their friends. If both sides have a proposal that is basically the same, Mr. Chairman, then the Republicans on this side ought to be very suspicious. If the Black Caucus is so pleased with the Democrats' proposal that they, for the first time in a long time, would not come down to this floor and offer their budget, then one needs, especially from this side of the aisle, needs to be very suspicious as to what both proposals have to offer the American people.

Mr. Chairman, I contend that both proposals tax too much, spend too much, and raise too big a deficit in trying to adhere to the budget summit.

Let me now go to the budget summit very quickly. During the budget summit, we were told that the spending caps on discretionary spending are rubber caps and that it is discipline, and that we can cut spending underneath these caps if we choose to do so, that we are not limited by the tax increases; we could cut taxes if we could find spending cuts to correspond to those tax increases.

Well, I submit to the Members that both the President's proposal and the Democrats' proposal do both. They use the spending caps as floors. We are going to spend as much money as we can get away with. They use every penny of the tax increases passed by last year, and some have estimated a 22-percent increase in the taxes that the Americans will pay in 1992, and they adhere to huge spending increases, huge spending increases to the tune that for the first time since 1946 the 1991 budget, spending in the 1991 budget, will be 25 percent of the gross national product, and some predict that the 1992 budget will also be 25 percent of the gross national product, which is way over the maximum expenditures that have been established by most economists, that being a long-term maximum of 19 percent of GNP.

We are not going down as a percent of the moneys we are spending, of the total amount of products that Americans are producing, and the overall wealth that Americans are producing. Indeed, we are going up from 22 percent, plus, in 1990, to 25 percent in 1991 and another 25 percent in 1992.

And what about taxes? In the President's own outlook, economic outlook, he says by 1994 we will be at 20 percent of gross national product in taxes. Now, for the first time in history, we will have 20 percent, plus, GNP in taxes, every consecutive year thereafter.

Whenever we have reached 20 percent, we never had consecutive years of 20 percent, but whenever we have reached 20 percent, we have had in recent history massive recessions.

The American people out there understand why we are in a recession. They understand that we are spending too much. We are taxing too much. We are regulating too much.

Members say, "Yes, but the President's budget is much better than the Democrats' budget by 1 percentage point in reprioritizing spending." Well, my answer to that, especially to my colleagues on this side of the aisle, "Gentlemen and ladies, what you are doing if you vote for the President's package is to endorse higher spending, higher taxes, and high deficits, and that the only alternatives that we have available to us in this budget debate are the Kasich alternative and the Dannemeyer alternative." At least they take some hard decisions and at least they slow down the increase in spending. They do not even make major cuts in spending. They cut the increases in spending to manageable levels.

Mr. Chairman, let me just point out a couple of things in the President's budget that also are reflected in the Democrats' budget. In the President's budget, we are told that in 1992 we are only going to increase spending by 2.6 percent. What we are not told is that if you take out the cuts in military spending, defense spending, you take out the S&L spending that has to be done, and you take out Desert Storm, what you have is a 7.6-percent increase in domestic discretionary spending, that while the growth of the total on-budget spending is held to below 3 percent total, domestic spending is projected to grow that 7.4, and I stand corrected, in 1992, more than twice the rate of inflation projected for 1992 by the Congressional Budget Office, and we know all too well the credibility of the Congressional Budget Office. They tend to keep things low.

We think the increase in spending is going to be much higher than that.

Likewise, mandatory entitlement spending is projected to rise to 7.8 percent. It is important to remember that the total rate of spending growth touted by the administration is distorted by bloated 1991 outlays.

Projected 1992 spending now appears reasonable because of what one White House official described as a 1-year orgy in 1991 domestic spending.

As former Assistant Secretary of the Treasury Paul Craig Roberts observes, "Federal spending under the new Bush proposal actually increases by 18 percent over fiscal 1991 outlays projected in last year's budget." I think the credibility of the President's budget and, hence, the Democrat budget, because there is very little difference between the two, is undermined by the economic assumptions.

Again, we have overly optimistic economic assumptions built into these budgets. The administration's estimate used for designing this budget is an estimate of real GNP growth for fiscal 1992 of 3.6 percent, which is a full percentage point higher than the blue-chip consensus of 2½ percent. So no one believes that we are going to be at 3.6 percent next year. Indeed, many forecasting economists, especially those that I have faith in, project that this recession could run as long as the middle of next year, which would totally negate the economic assumptions that these two budgets are based on.

Compared with the Chamber of Commerce's more pessimistic forecast of 1.1 percent growth in fiscal 1992, the administration's estimate falls a whopping 2½ percent on the rosy side of economic reality.

One result of this, one result of not counting, and I will not discuss the other economic assumptions, but one result from overestimating GNP growth is that revenues are overestimated, and outlays are underestimated, producing an increase in the already record high budget deficit in excess of $25 billion.

What does this do to the economy? What that does is keep the economy in a low state.

Most of the news that we have heard and read and have seen reporting on the administration's economists, the Democrats' economists, our CBO, anybody that has a connection with the Government, you would think that we will be out of this recession by this summer. Of course, they would not admit that we were in a recession until December, and we were, indeed, in a recession in July.

But we are not going to be; we are going to be out of this recession; everything is going to be rosy.

Nothing is going to be rosy unless we change the reasons that we are in the recession. Unless we cut the cost of labor, unless we cut the cost of capital, and unless we cut the cost of savings and start deregulating America, nothing is basically going to change. Oh, we may come out of this recession, and everybody is setting a goal of 2-percent growth.

Mr. Chairman, is that not sad? It reminds me of the malaise period of the Carter years. We are going to be happy with 2-percent growth when we were unhappy in the late 1970's with 5-percent growth, 6-percent, in some cases 7-percent growth. We were unhappy with that kind of growth, but now our projections are, and even on over-optimistic assumptions, we are going to be happy with 3½-percent growth.

□ 1650

Three and a half percent growth for the finest and strongest economic machine capable in this country. That is what we are going to be happy with. This Member is not happy with it. I am not going to be part of the process that greatly increases taxes, greatly increases spending, and greatly increases the debt on our children.

Every Member that votes for it has to understand what they are doing. They are leading Members to disaster. If we do not change our habits, even if we come out of this recession, it will be a small come out, and we will be back into the cyclical recessions we experienced in the late 1960's and all through the 1970's. We will come out a little bit, maybe reach the 3.6 percent. I hope so. Let Members hope that I am wrong. We will not last at 3.6 percent very long. We will back into a recession, and back into a very small growth, and we will be going up and down that roller coaster that is created by too big a government. That too big a government is being created by these two budgets.

I urge my Members, especially on my side of the aisle, to weigh very carefully what they are doing when they vote for the President's budget, and if they indeed vote for the Democratic budget.

Mr. Chairman, I insert the following:

THE PRESIDENT'S FISCAL YEAR 1992 REVENUE PROPOSALS

(By Dr. Richard W. Rahn)

I am Richard W. Rahn, Vice President and Chief Economist of the U.S. Chamber of Commerce. On behalf of our 180,000 member businesses, associations, and local and state chambers of commerce, we thank you for the opportunity to present a statement on the President's FY 1992 revenue proposals, the outlook for the U.S. economy, and a number of recommended reforms of the existing federal tax system.

ECONOMIC GROWTH AND "FAIRNESS"

Mr. Chairman, taxes are too high, and Congress spends too much and imposes too great a regulatory burden on the economy. As a result, we are mired in recession and the prospects for a strong recovery are not bright.

The congressional proponents of new taxes, higher spending, and increased regulation typically defend such proposals in terms of economic fairness, claiming that the benefits of any such proposal far outweigh its small, seemingly insignificant impact on total economic growth. Unfortunately, the impact of one tax increase which reduces growth by one tenth of one percent when added to other tax changes, new regulations and spending programs, is altogether significant. That cumulative burden results in economic stagnation and recession.

Ironically, regulatory, tax, and spending legislation ostensibly intended to promote economic fairness ultimately produces results that are particularly unfair. More important than fluctuations in industrial production, the consumer price index, or the federal budget deficit is the real economic pain and suffering that recession and low growth inflicts upon those Americans least able to withstand it. Economic stagnation literally kicks those individuals and families now desperately clinging to the lowest rungs of the economic ladder into unemployment and poverty.

While many high tax advocates are undoubtedly motivated by the best of intentions, unfortunately some appear to be simply acting on less admirable, base instincts to punish wealth and success per se, regardless of the havoc such punishment might impose on the economy and the American people. The myopic politics of class envy are particularly evident when legislators oppose lowering the burden of capital gains taxes, or when they support further hikes in income tax rates on upper bracket income-earners. They do so despite a sizeable body of empirical and theoretical evidence which demonstrates that tax and other policies motivated by class envy inevitably result in economic decline. No one, not even the federal government, gains from such policies in the long run.

In particular, I have in mind new research by the distinguished economist Gerald W. Scully, published by the National Center for Policy Analysis.[1] In an exhaustive empirical study of 103 countries. Dr. Scully reaffirms what low tax, limited-government advocates have been arguing for years; namely, that raising taxes may very well decrease, not increase, total federal revenues by diminishing economic growth.

On the issue of income tax rates, Dr. Scully finds that during the 1980s, "when the top U.S. tax rate was reduced from 70 to 28 percent, the share of taxes paid by the top one percent of taxpayers grew from 18 to 27 percent." Regarding the Capital gains tax rate, Scully finds "a negative relationship between capital gains tax rates and capital gains revenue," nothing that following the 1981 reduction in the maximum capital gains tax from nearly 27 percent to 20 percent, capital gains revenues nearly doubled in the following four years.

The most interesting results of Scully's study show that, in the short run, governments (total government, including state and local) maximize tax revenues at 43.2 percent of gross domestic product. But in the long run, economic growth, and subsequently, revenue from total tax collections, is maximized at only 19.3 percent of GDP. "In the long run," notes Scully, "governments will have more revenue if they maximize growth rather than tax collections." Scully notes the fundamental dilemma faced by revenue maximizing governments: "If countries attempt to maximize tax collections [above growth-maximizing levels], people will pay a 'growth tax'—resulting in a lower standard of living." Because of this discrepancy between short- and long-run results, legislators may be misled into believing that tax revenues are maximized at a much higher portion of national income than is actually the case.

As a point of reference, I should point out that total government revenues in our own country, including state and local governments, were 29.3 percent of GNP in 1990, according to the President's 1992 budget. This level is significantly higher than it should be in terms of maximizing both long run economic growth and government tax receipts.

[1] Scully, Gerald W., "Tax Rates, Tax Revenues and Economic Growth," NCPA Policy Report, No. 98, National Center for Policy Analysis, March 1991.

THE OUTLOOK FOR THE ECONOMY

Despite conclusive evidence that higher taxes diminish economic growth and individual well-being, last fall Congress passed, and the President signed into law the largest tax increase in American history, at a time when the economy was slipping into recession. Last year's budget act, the Omnibus Budget Reconciliation Act of 1990, has been widely publicized as including nearly $500 billion in deficit reduction. However, as Table I indicates, the Administration's cumulative 5-year deficit projection has increased an astounding $803 billion from where it was just one year ago. The actual outcome of last fall's "deficit reduction" agreement should lead those who fear the effects of rising deficits on the economy to lower their economic forecasts.

TABLE I.—THE PROJECTED CUMULATIVE BUDGET DEFICIT, 1991–95

	Projected deficit 1991 budget	Projected deficit 1992 budget	Increase in deficit
Year:			
1991	−63.1	−318.1	255.0
1992	−25.1	−280.9	255.8
1993	+5.7	−201.5	207.2
1994	+10.7	−61.8	72.5
1995	+9.4	−2.9	12.3
Total	−62.4	−865.2	802.8

Note.—Deficit figures in billions of dollars; all data from "Budget of the United States Government, fiscal years 1991 and 1992.

In 1991 alone, taxes have been raised by a net $22.5 billion due to last year's budget legislation. By way of comparison, the amount of this tax is equivalent to $30-per barrel oil lasting for several months, a large enough oil price hike to reduce any forecast of economic growth. These tax increases played a major role in reducing personal income growth in the first quarter of this calendar year. Additional tax increases next year will come on top of 1991 increases and will act to stifle incentives to produce and invest, further retarding economic growth.

We cannot undo the considerable economic damage already created by past policy mistakes. We can, however, avoid more of the same dismal economic performance by reversing past mistakes with sound policies which will restore economic incentives to work, invest, produce, and save. The truly compassionate economic policies are those that promote strong, sustainable economic growth.

Last July, before the crisis in the Middle East erupted, we projected a mild, two-quarter-long recession beginning with the fourth quarter of 1990. Unfortunately for the sixty thousand failed businesses and the over 1 million newly unemployed, our previous forecast of a recession apparently has come to pass.

Final estimates of fourth quarter GNP show an annualized decline of 1.6 percent, the first quarterly decline since the second quarter of 1986. The data on March 1991 employment show a rise in the unemployment rate to 6.8 percent and a loss of 205,000 nonfarm jobs. In addition, the purchasing manager's index of economic conditions for March is 40 percent, the kind of number associated with business contraction.

Such discouraging economic news almost guarantees a second consecutive quarter of decline in real GNP, resulting in the first recession experienced since 1981–82. After a careful analysis of the current recession, we have found the following:

The principal causes of slow economic growth and the recession are rooted in policy mistakes of the federal government. These anti-growth policies persist and are growing more burdensome to the economy.

Anti-growth Federal Reserve Board policy was the major reason the economy slowed strongly and slipped into recession. However, fiscal and regulatory policies also have contributed to the decline and permanently lowered the growth potential of the economy.

Slow economic growth with the possibility of intermittent recession is a likely future course for the economy. Although the current recession may prove milder and shorter than previous recessions, the economy will not rebound with its traditional strength, leaving the future course of economic events in considerable doubt.

The burden of anemic growth is decidedly unfair. It falls mainly on lower- and middle-income workers and smaller businesses in the form of lost job opportunities, bankruptcy and business failures.

Congress can promote a more robust and sustainable economic recovery by immediately passing a number of tax changes included in the Economic Growth and Jobs Creation Act of 1991 (S. 381 and H.R. 960), as well as extending the expiring tax provisions.

THE CHANGING ECONOMY FROM 1989 THROUGH 1992

Based upon new evidence of future decline, we have modified our economic forecast to show a longer and somewhat deeper recession than we originally predicted last July.

We foresee an economy that will not grow between now and the middle of next year. The unemployment rate will steadily rise to near 8 percent during this time. We also expect an eventual decline in inflation from current rates of over 5 percent to 4 percent by the middle of 1992. We do not expect consumer and business spending to revive the economy any time soon.

The current recession follows seven consecutive quarters of consistently sluggish economic growth under 2 percent. Real GNP increased only by a compound annual rate of 1.1 percent from the beginning of 1989 to the end of 1990.

By contrast, between 1983 and 1988, real GNP rose at a compound annual rate of 4.0 percent. Inflation, after averaging about 3.5 percent during the same 6-year period, has risen to over 5 percent in the last two years.

It is our opinion that the robust growth experienced between 1983 and 1988 was sustainable and that the unemployment rate should have continued to fall to this day without fueling higher inflation. Instead, the Fed devised an ill-fated high-interest rate policy designed to dampen the expansion in the hope that an economic slowdown would lower inflation. The Fed enlisted Congress and the Administration in its efforts to kill economic growth by insisting on deficit reduction by any means—even a massive tax increase—as the price for allowing interest rates to fall. Other policy mistakes, including tax increases dating back to the 1986 Tax Reform Act, more regulations, and renewed increases in the growth of federal spending rendered an otherwise avoidable recession inevitable.

These policy mistakes have become so pervasive that we now believe the economy will continue to face prospects of persistently slow growth and intermittent recession. Unlike one-time shocks to the economy such as oil price hikes and quick wars, the anti-growth policies of the government are cumulative. Taxes have gone up this year and will rise again next year. Federal spending is expected to consume a 25 percent share of the economy. New regulations are adding to business compliance costs. And interest rates, despite the rhetoric of the Fed, are still too high.

If the more optimistic consensus of private forecasters is correct, between 1989 and 1992 the economy will have grown only by a compound annual average of 1.5 percent. This would represent the slowest 4-year growth period since the 1930s.

That alone should be reason enough to focus attention on growth-enhancing policies. However, we believe there is more than a reasonable likelihood that growth over this four-year period will be even lower than the consensus forecast if current policies persist. Under existing economic and tax policies, we expect the 1991–92 period again to average a dismal 1.1 percent growth rate.

The average length of the six postwar recessions was 11 months. The average fall in real GNP from the peak preceding the recession to the end of the recession was 2.6 percent. The consensus of private forecasters is that the current recession will be shorter and shallower than the postwar average. But this is due largely to the pervasive weakness of the economy going into the recession. Unlike previous postwar contractions, the "corrections" the supply-side of the economy must make to match depressed demand during the recession are less severe and may take a shorter time to complete.

Because the current recession may fall short of historical averages, many policy leaders, including the Bush Administration, now argue that the economy will right itself quickly and then proceed directly back to a path of sustained moderate growth. Corrective actions to stimulate the economy are not necessary, they claim. We respectfully disagree.

This all-is-well, short, mild recession viewpoint is reflected in the recent forecasts of the Congressional Budget Office (CBO) and the Bush Administration's Office of Management and Budget (OMB). Both forecasts project a two-quarter recession followed by very slow growth in the second quarter of 1991 and moderate to robust growth thereafter. Chairman Greenspan appears to share this view.

Despite the lack of concern over the future expressed by government forecasters, the prevailing consensus of private forecasters for the expected recovery is exceptionally low. For a full year following postwar recessions, CBO reported that real GNP rose on average 6.7 percent. The current consensus of private forecasters is for a recovery of just 2.8 percent. Several forecasts, including those of the CBO and OMB, project the recovery growth rate to be between 3 and 4 percent, somewhat higher than the consensus, but still quite a bit below the average postwar experience.

What concerns us the most is not how long and deep the recession may turn out to be, but how strong and sustainable will be the eventual recovery.

THE ORIGINS OF SLOW GROWTH AND RECESSION

The economic events leading up to this recession are different from what has occurred in the past. The recession did not come upon us all of a sudden. It was a result of cumulative anti-growth policies that first slowed the economy's strong growth and then removed significant amounts of growth potential. In the process, asset values declined—particularly real estate values—and accumulated debt became a severe burden on corporate cash flows.

ANTI-GROWTH TAX POLICIES

Our pessimistic outlook has its origins in anti-growth policies found in the Tax Reform

Act of 1986. On the positive side, that Act improved work incentives by significantly reducing marginal tax rates, reduced economic distortions by eliminating many inefficient tax subsidies, and the Act also removed millions of low-income people from the income tax rolls altogether. However, the Act also made other changes to the tax code that have greatly raised the cost of capital and stiffled economic growth. The 1986 Act raised the top tax rate on capital gains to 33 percent for individuals, and made it difficult to deduct legitimate business expenses by limiting losses on "passive" investments, curtailing depreciation schedules on commercial real estate, and repealing the 10-year amortization of construction-period costs and taxes. The Act also tightened the Alternative Minimum Tax (AMT) rules, changed and tightened the rules on real estate tax shelters and real estate investment trusts, and made a number of changes in real estate accounting rules. As a predictable result, asset values have slipped, especially real estate values. Falling real estate values not only increased the insolvency of thrifts and reduced the solvency of many banks, but also put a damper on the rise in household and business asset values. For example, a study done for the Chamber last year and updated just recently by Fiscal Associates, Inc., a Virginia economic consulting firm, found that the 40 percent increase in capital gains rates in 1986 has reduced the value of commercial real estate by 17 percent and residential home values by 9.2 percent.

The 1986 Act was designed to raise business and corporate taxes by about $120 billion over five years. By limiting proper deductions on capital investment, the Act raised taxes on capital-intensive industries—the backbone of the U.S. export business. Coupled with onerous taxes on foreign activities of U.S. companies, the Act reduced U.S. competitiveness. It also completely eliminated the investment tax credit for all businesses, thereby reducing business investment.

One perverse aspect of the 1986 Act emanates from the AMT provisions. They have caused a rise in the effective corporate tax rate during the current recession. Normally, tax policy is designed to cushion the effects of an economic downturn by curtailing tax liability by more than the fall in earnings. Unfortunately, many small businesses facing falling profits are finding their tax liabilities rising due to the AMT.

Even though the 1986 Tax Reform Act contained numerous positive elements, on balance the anti-growth provisions, when fully implemented by 1989, more than offset pro-growth effects. In short, the overall effect of the Act has been decidedly anti-growth.

ANTI-GROWTH MONETARY POLICIES

The economy is not where it is today strictly because of this gradual rise in business taxes. The severe and unceasing high interest rate policy by the Federal Reserve Board deserves blame as well. Fed high interest rate policy dates back to the spring of 1988 as a much ballyhooed step to quell what the Fed believed were rising inflationary pressures. The Fed made a serious mistake.

In fact, since August 1987 when Alan Greenspan became Federal Reserve Board Chairman, bank reserves have barely increased. The Fed consciously drove up interest rates by over 300 basis points in 1988 and 1989 by holding down bank reserve growth. However, during the subsequent decline in interest rates by nearly that amount to date, the Fed has hardly let bank reserves rise. Indeed, during a long period in 1989 and 1990, when market interest rates were falling, bank reserves declined and the Fed funds rate—the interest rate used by the Fed to signal its policy intentions—stayed steady.

Up until January, the reduction in the Fed funds rate had followed market interest rates down. Growth in bank reserves and money supply declined between June and December last year, indicating that monetary policy was becoming "tighter" as the economy dipped into a recession. It is fair to conclude that the Fed has only been following credit market interest rates on government securities downward since the middle of 1990, and actually may have intended to moderate interest rate declines.

What did the Fed accomplish with its orchestrated assault on inflation? At the beginning of the Fed's anti-inflation campaign, inflation stood at 4.4 percent. Today, it is over 5 percent. The Fed may seek to defend this gap between its rhetoric and the inflationary realities by claiming that inflation would have been even higher without its restrictive policies. We have heard similar claims before. In particular, we are reminded of the actual results of last year's much-celebrated "deficit reduction agreement."

Back in 1988 and 1989, the Fed had to take extraordinary action to slow a robust economy down. In doing so, it discouraged capital formation and destroyed growth potential. Today, the Fed would have to take extraordinary action to induce added growth. But loose monetary policy cannot increase growth potential without igniting inflation and creating a situation where the Fed must revert to the very policy that started the economy down in the first place. This is why we have admonished the Fed to follow clear rules governing their actions instead of stop-go policies that only confuse credit markets and devastate the economy.

The credit situation is so strained that even if the Fed aggressively begins to lead rates down with increased reserves, there is little reason to believe that Fed policy can bring the economy back. Fed policy alone cannot induce businesses to invest again. Even now that the monetary and bank regulatory authorities more fully realize the extent of the present slowdown, a shift in Fed policy is still likely to be thwarted by fiscal and regulatory policies that also are hitting the economy hard.

ANTI-GROWTH REGULATORY POLICIES

The regulatory budget of the government will rise in fiscal years 1991 and 1992. Although there are no precise measures on a program-by-program basis, it has been estimated by former Council of Economic Advisors Chairman Murray Weidenbaum that an overall increase of $1 in regulatory spending will increase business compliance costs by $20. Consequently, the economy may incur additional compliance cost expenditures of over $200 billion in 1991 and again in 1992. When the Clean Air Act is eventually implemented, that legislation alone may add as much as $40 billion a year to compliance costs. Such costs reduce output, lower productivity and raise prices—exactly what has occurred in 1989 and 1990 and precisely the opposite of what is needed to reverse persistently sluggish growth.

There are other prominent explanations for the long economic slowdown and the eventual recession. Some analysts point to an excessive public and private debt build-up and large budget deficits during the Reagan years as primary causes of the current economic malaise. However, the rise in debt was caused by tax law changes which resulted in significant impediments to equity financing and raised the cost of capital. As long as the economy continued to grow, that debt accumulation was cost-efficient. But with the slowdown, accumulated debt has become a burden. Thus, the drive to manage debt to accommodate reduced cash flows—a situation many businesses now face—was prompted not by the debt alone, but by the slowdown and eventual recession.

The persistent federal budget deficit was caused primarily by excessive increases in federal spending. Although tax revenues doubled in the 1980s, spending more than doubled. Today's growing budget deficit reflects both reduced revenues due to poor economic performance and record levels of federal spending. Hence, to make a clear determination of what has caused the slowdown in economic growth, it is extremely important to separate those events that are symptoms of the slowdown from those that are the causes.

WHY THE FUTURE FOR THE ECONOMY LOOKS POOR

Last year we were told that the federal budget deficit was the source of our economic problems. This was the excuse used to raise taxes. If budget deficits were really the source of the problem, rather than its symptom, few people would be sanguine about future economic growth. Both CBO and OMB estimate a budget deficit in fiscal year 1991 above $300 billion. The deficit is rising above any amount recorded during the 1980s, yet many forecasters, including OMB and CBO, foresee an economic recovery.

Fiscal policy is acting as a drag on the economy and it is well understood among economists that tax increases stifle economic growth. Empirical confirmation of these conclusions can be found in a study by William C. Dunkelberg and John Skorburg.[2] Dunkelberg and Skorburg show that recent tax increases will raise the federal tax burden on American workers to an all-time peak. Their study looks at the effect of tax increases on economic growth. They find that since 1960 a rising tax burden, like current law, has led to a reduction in economic growth.

Likewise, Dunkelberg and Skorburg find that tax reductions raise economic growth and employment. Specifically, the authors estimate that as a result of last year's budget package, economic growth will be 0.7 percent per year lower than it would otherwise be and that 400,000 fewer jobs per year will be created than would otherwise be the case. They believe that the tax burden will rise to 20.7 percent of GNP by 1992, noticeably increasing the severity of any subsequent economic recession. Using a CBO rule of thumb that translates changes in economic growth into a change in the budget deficit, the authors estimate that most of the anticipated 1990 deficit reduction will be lost due to the impact of tax increases on real GNP growth.

Dunkelberg and Skorburg rightly are critical of CBO and OMB budget estimates because the economic models OMB and CBO use assume no adverse economic effects from higher taxes, despite empirical evidence to the contrary. Indeed, the authors correctly argue that those models cannot be taken seriously because they anticipate positive economic responses to more taxes.

Of course, OMB and CBO models are not alone. The bulk of the economic models used today are very insensitive to tax policy changes unless model users correct equations

[2] Dunkelberg, William C. and John Skorburg, "How Rising Tax Burdens Can Produce Recession," *Policy Analysis* No. 148, Cato Institute, February 21, 1991.

before running the model. The more tax-sensitive models, such as the one employed by Chicago Economics, generates quite pessimistic forecasts for 1991 and 1992.

Researchers are just beginning to understand that government spending, instead of being a stimulus to the economy, often serves as an inhibitor to economic growth. Governments tend to spend beyond a prudent amount and, often, well beyond their present means. Comparing the experience of various industrialized nations, another study by Gerald W. Scully[3] shows that a 10 percent rise in government spending as a percentage of GNP would reduce economic growth by 1 percent. That is, if federal spending were to increase to 25 percent of GNP as projected for 1991 and 1992, from where it stood in 1989 at about 22.5 percent, real GNP growth would permanently decline by about 1 percentage point.

In an economy the size of the U.S., this amounts to about $55 billion in lost output in 1991 and an increase in the deficit of about $10 billion. This may appear to be a modest amount as compared to the size of the federal budget alone, but this dampening effect on GNP increases and compounds itself each year as long as federal spending stays up as a percent of GNP. For example, after 5 years of 1 percent lower growth, the deficit would be over $100 billion larger. We project that federal spending as a percent of GNP will stay above 25 percent in 1992.

Not only does increased federal spending drain the private economy of resources, either by raising taxes or diverting funds into Fed bonds that otherwise could have been loaned for private use, but Scully also finds that rising federal spending reduces productivity growth. The statistically significant drop in productivity occurs, Scully argues, because governments use resources less efficiently than private industry. Scully found that nations with relatively large government sectors suffered from lower productivity when resource differences among nations were accounted for.

The magnitude of excessive federal spending can be illustrated by the lag between expenditures and revenues. Not until 1995 will the federal government take in sufficient revenues to sustain the level of spending now proposed for 1992. And this large amount of revenue will only be collected if economic growth is robust and sustainable over the next four years.

Thus, the federal government is at least three full years ahead of its income on the spending side. If the ordinary American were faced with such a "deficit," he would be compelled to cut expenditures. Even if he sought a loan, lenders would require that he bring expenditures into line with income in short order.

DIMINISHED GROWTH POTENTIAL

What we are left with is an economy with diminished growth potential. Higher tax rates, an increased percentage of GNP devoted to government spending, increased regulation, destructive capital gains tax rates, and a credit crunch on business that stifles what productive investments remain all contribute to a decline in capital accumulation. At the same time, regulatory failure and a socialized system of deposit insurance are draining capital from the economy in order to keep insolvent and poorly run banks and thrifts in business.

This period of extremely slow growth in the U.S. economy is an anomaly. Generally speaking, market economies produce strong economic growth performance. As prerequisites for growth, market economies rely primarily on well-defined private property rights and established rules of doing business in free markets. But one key to success is to allow failing businesses to go under so that they do not continue to drain capital from successful businesses throughout the remainder of the economy.

Schemes such as deposit insurance keep failing firms in business by encouraging poorly run banks and thrifts to make unsound loans, thereby destroying incentives to reduce unprofitable and wasteful activities. But, of course, as socialist Eastern Europe discovered, government cannot indefinitely prop up economically rotten activities. The banking crisis today, no less than the failing economies of Eastern Europe, is the direct result of the dry-rot produced by the artificial preservatives of government subsidies and protection.

Most forecasters rely on demand-side-based models of the economy, which have no mechanism to record abrupt slips in economic growth potential. These models merely assume the economy will bounce back to whatever rate of potential growth the model assumes. In most cases, analysts have not adjusted their estimates of growth potential downward since the end of 1988.

The loss of potential growth is debatable point, but recent economic performance suggests that maintaining the same growth-potential assumption is inconsistent with the basic demand-side approach. For example, the nation's unemployment rate held steady at 5.3 percent during the last half of 1989 and most of 1990. According to demand-side modelling, a steady unemployment rate is an indication that the economy is at or near full employment potential. However, during all that time, real GNP growth was falling. The unemployment rate did not edge upward until economic growth fell to close to 1 percent.

But there are other models that can incorporate changes in the economy from a variety of sources. The Minneapolis Federal Reserve employs such a model. The most recent forecast using this model conforms to the Chamber's pessimistic view. Surely, the diversity of opinion about the near-term forecast of the economy should cause policy-makers to weigh the wisdom of all forecasting approaches and pay special heed to avoiding the worst outcomes. As Dunkelberg and Skorburg point out, due to poor economic performance, to date $100 billion of the planned $494 billion deficit reduction has already been lost. Again, they conclude that if the tax increases voted last year remain on the books, almost all of the deficit reduction will be lost over the next four years and $200 billion-plus deficits will result as far as the eye can see.

Our real concern is with the future of economic growth. Market economies naturally grow (which is why so much of the communist world is seeking to get in on a good thing). We don't doubt that the U.S. economy could experience 5 percent real GNP growth over many years if policy impediments to growth are removed. But these impediments are so pervasive today that the economy will be fortunate to grow by 2 percent for any extended period of time during the next several years. The threat of recession and the inhibiting effect of that threat on consumer and business confidence will remain an important policy concern for many years to come.

Unfortunately, we have also concluded that the policies that have led to such low growth potential will not be changed any time soon. Some policy-makers, it seems, would rather blame poor economic performance on certain foreign nations or higher oil prices, or even on sunspots, than examine and alter their own failed policies and the false presuppositions on which they rest.

In Washington today there continues to be widespread optimism on the future course of the economy. The only basis for such optimism is the expectation that export growth will pull the economy forward. Exports continue to be the bright spot in the overall economic picture. However, leading indicators for 7 of our 9 largest trading partners have turned downward. Canada and Great Britain are already in recession, and growth has sharply diminished in Germany and Japan. The future for exports rides on how well our trading partners do. It is a risky gamble to let interest rates do all the work at home while relying on strong growth elsewhere to keep the U.S. economy growing.

The administration's budget for 1992 is being praised by some observers for its honesty. CBO and OMB project economic growth at or above 3 percent for 1992 through 1996. Unfortunately, this is a far cry from what current government policies are likely to produce.

THE ROAD TO SUSTAINABLE ROBUST ECONOMIC GROWTH

If the recession lasts longer than the public has been led to believe, or even if the recovery falters next year, American voters may hold Congress accountable for its failure to address economic problems. There is a reasonable likelihood unemployment will stay high, businesses and banks will continue to fail, and slowly rising income in the face of continued inflation will reduce real purchasing power and disposable income in households across the nation.

The Chamber's most recent "Business Ballot" poll, based on 8,390 responses, shows that more businesses plan to fire workers than hire them in the next six months. In addition, just as many businesses expect their sales to fall as rise in that time. A healthy economy occurs when twice as many businesses expect to grow than expect to slow. The economy is so far from healthy, and has been for such a long time, that it is time to do something about it.

There are clear policy actions that always lead to more economic growth, greater income, and enhanced employment. In particular, the Economic Growth and Jobs Creation Act of 1991 (S. 381 and H.R. 960) combines a number of these policies into a single bill, and the Chamber urges Congress to pass it. This Act is not revolutionary. It merely utilizes what has worked in the past to promote sustainable economic growth.

The Act proposes rolling back Social Security taxes to 10.6 percent (from the current 12.4 percent), and reducing the capital gains tax rate to 15 percent along with indexing of capital gains. The Act also proposes implementing a new type of savings account called the "IRA Plus"—to allow people to make deposits with after-tax funds and to make withdrawals of principal and interest tax-free after age 59 and one-half—and a Neutral Cost Recovery System provision to protect depreciation write-offs against inflation and guarantee that businesses are able to recover the full replacement cost of equipment investment.

The same February "Business Ballot" poll shows that 75 percent of the respondents favor a Social Security tax cut and 81 percent favor a cut in the capital gains tax to 15

[3] Scully, Gerald W., "The Size of the State, Economic Growth and the Efficient Utilization of National Resources," *Public Choice*, 63:149-164, 1989.

percent. A full 74 percent of business respondents support faster write-offs of facilities as embodied in the Act.

Many policy leaders argue that the economy will right itself quickly and then proceed directly back to a path of sustained moderate growth. Corrective actions to stimulate the economy are not necessary, they claim. These policy makers are dead wrong. The best way to curb the recession, promote economic growth, and increase revenues for the Treasury is to focus attention on growth-enhancing policies, such as cuts in the cost of labor and capital, new savings incentives, and research and experimentation measures. A more detailed discussion of each follows.

CUTTING THE SOCIAL SECURITY TAX

The U.S. Chamber was one of the earliest advocates of cutting the Social Security payroll tax and returning the system to a pay-as-you-go basis. In 1987, the Chamber's Board of Directors fully endorsed the recommendation of the 1986 White House Conference on Small Business to freeze FICA taxes. Since that time, the Social Security tax burden has increased substantially.

Last year, the Chamber's Board reaffirmed its support of a reduction of the payroll tax rate and urged that the study of private alternatives to ensure the long-run soundness of the nation's retirement system be accelerated.

Reducing the Social Security tax burden is all the more important this year because of the current recession. Jobs have been lost and incomes are suffering. Last fall, in a study co-sponsored by the Chamber, economists Gary and Aldona Robbins estimated that by lowering the cost of labor, a cut in the payroll tax would stimulate much-needed economic growth, substantially increasing GNP and creating thousands of jobs. As authors of a study released on March 14, 1991 by the Institute for Policy Innovation, the Robbinses have reaffirmed these earlier results, finding that a reduction in Social Security taxes on both employers and employees would produce 650,000 new jobs and a $226 billion increase in GNP by the year 2000.

Just two months ago, the Chamber's Board once again went on record in favor of a payroll tax rate cut. At that time, the Chamber's Board made it clear that it opposes raising the Social Security taxable wage base. The wage base is already close to an all-time high, and the proportion of wages subject to the FICA tax, now over 88 percent. Raising the wage base to $82,200 in 1996 from the current law projection of $69,300 in 1996, for example, would cut the number of new jobs created by the tax reduction in half. While such a proposal still contains a net tax reduction, large numbers of workers would receive only a tiny tax cut, and the macroeconomic benefits would be substantially less than those generated by cutting the payroll tax rate without tampering with the wage base.

The U.S. Chamber will oppose vigorously any rate cut accompanied by outright elimination of the wage base cap. Such a proposal would result in a net tax increase for many Americans. More importantly, elimination of the wage base cap would be nothing short of merging the Social Security payroll tax with the income tax. Severing the link between what workers pay into the Social Security retirement fund and what they get out in benefits, as this proposal does, would undermine the entire concept of Social Security as a supplemental retirement program and convert it into the world's largest welfare program. Social security is not an income redistribution program, it is a retirement program. The U.S. Chamber wants nothing to do with such an irresponsible act that would undermine the decades-old public support for Social Security.

Likewise, the Chamber will oppose vigorously any attempt to deny a reduction in FICA taxes paid by employers by restricting the cut to those taxes paid by workers. This proposal offers no incentive to small businesses to hire more workers. Both this idea and the proposal to raise the wage base cap threaten to shatter the growing bipartisan coalition in support of a payroll tax rate reduction.

A properly crafted reduction in the Social Security payroll tax will create much-needed new jobs and substantially boost economic growth. The Chamber believes there is an opportunity to strengthen the coalition for a payroll tax cut and at the same time give the economy an additional boost. This could be accomplished by combining a payroll tax rate cut with a reduction in the capital gains tax rate.

CAPITAL GAINS

Last year's budget act reduced the top capital gains tax rate from the then high rate of 33 percent to 28 percent effective beginning in 1991. Even at 28 percent, the U.S. still taxes long-term capital gains at a higher rate than nearly all of its major Asian and European competitors.

The current level of capital gains taxation discriminates against capital income, discourages venture capital formation, impedes job creation, and hinders U.S. international competitiveness by raising the cost of capital relative to that of its competitors. Lower capital gains tax rates would stimulate economic growth, promote technological innovation, and create new opportunities. A lower capital gains tax rate would increase asset values, improve the solvency of financial services institutions, and stimulate economic growth. Thus, a cut in the capital gains tax would significantly lower the cost of the thrift bailout and shore-up the asset values of many banks.

The "Fairness" Issue Revisited

Some members of Congress continue to oppose any reduction in the capital gains tax rate based on some muddled, undefined notion of "fairness." This is nothing but political demagoguery. As I noted earlier, fairness involves more than simply "taxing the rich more than the poor." In any legitimate debate over fairness as it pertains to the tax treatment of capital gains, objective criteria for determining fairness must be addressed. The current capital gains taxation treatment strikes out on three fundamental fairness issues: 1) the taxation of capital gains at a greater than growth-maximizing rate; 2) the taxation of purely inflationary gains; and 3) the taxation of gains while limiting loss deductions.

The imposition of a tax at rates higher than the growth-maximizing rate not only punishes entrepreneurial success—it imposes what Gerald Scully calls a "growth tax" on every individual participating in the economic process. If the tax is too high, as is the current capital gains rate, taxpayers are discouraged from investing in capital assets which begins a chain reaction where everyone loses. The nation loses because economic growth is constrained due to a shift in investment to nonproductive assets. Middle income individuals lose because of the loss of actual, or forfeiture of potential, jobs. The Treasury loses because it receives less revenue not only from decreased capital gains realizations but because of lost income tax receipts from foregone jobs and economic expansion. The needy lose because there is less government money to fund social programs.

There is a negative relationship between capital gains tax rates and economic growth. Empirical evidence from a number of studies indicates that the revenue-maximizing rate for capital gains, is in the short run is between 9 and 20 percent. However, as Dr. Lawrence Lindsey, Associate Director for Domestic Economic Policy at the White House and formerly a professor at Harvard University, has persuasively argued, "the revenue-maximizing [rate] is far from being optimal. It is better described as the point at which the taxpayer is being soaked for as much money as possible."[4] Indeed, the capital gains tax rate that maximizes revenue "indicates the point at which increased revenue is most expensive to society." The long-run growth-maximizing rate may well approach zero. Surely, it is significantly lower than the current capital gains tax rates of 28 percent for individuals and 34 percent for corporations.

Another of the unfair aspects of the present method of taxing capital gains is that much of the gain from the sale of a capital asset is attributable to inflation. When gains are due, in part or entirely, to inflation, a capital gains tax serves to confiscate existing wealth generated from past income that has already been taxed at least once. The taxation of inflationary gains is not only economically counterproductive but also unfair. It is completely indefensible for the government to create inflation and then tax the imaginary gains that result from inflation. In fact, the Congress recognized that it was wrong to tax inflation when the income tax brackets were indexed for inflation in 1981 and the personal exclusions and standard deductions were indexed.

The taxation of illusionary gains is no minor point. If, for example, a taxpayer bought $1,000 of stock invested in the Standard and Poor's 500 index in 1970, that stock would have sold for $3,677 in late 1990. This would have resulted in a taxable capital gain of $2,677. At the current 28% tax rate, the taxpayer pays $750 in tax. However, inflation since 1970 has been over 218%. This means the taxpayer's real gain was only $257. He was taxed $750 on a real gain of $257, an outrageous tax rate of 292%.

It is inconceivable that a responsible person could attempt to justify the taxation of merely illusionary gains. Such taxation serves no economic purpose, but only serves to lower the level of investment and undermine private property rights, which in turn reduces productivity growth, job creation, and all standards of living.

Under the current law, all capital gains are subject to taxation, but capital loss deductions are limited to $3,000 per year. Congress recognized years ago that businesses should be taxed on net revenue, not gross proceeds; however, many members fail to see the inherent unfairness of limiting capital losses. The capital loss limitation introduces an asymmetry into the taxation of risky ventures that discourages investment in new firms. In effect, the government is saying: heads I win, tails you lose. If we wish to avoid discouraging people from investing in what are often risky start-up ventures and abide by fundamental fairness, the treatment of capital losses and gains must be symmetrical. Only after these basic issues of

[4] Lindsey, Lawrence, *The Growth Experiment: How the New Tax Policy is Transforming the U.S. Economy*, New York: Basic Books, (1990).

fairness are resolved can there be a reasonable basis for a debate about income distribution and the capital gains tax.

The time has come to end the hypocrisy. The debate is not about rich versus poor. It is about every American's economic future. It is about encouraging new opportunities, new businesses, and new technology. It is about creating jobs and expanding the U.S. tax base. It is about the U.S.'s competitive position in the world economy. And yes, it is about fairness.

Distributional Effects

Many opponents of a rate reduction want us to believe that this debate is about tax breaks for the wealthy. They resort to the politics of envy and use statistics designed to give the appearance that those who realize capital gains are overwhelmingly wealthy.

Few myths are as enduring as the belief that reductions in the capital gains tax rate redistribute the tax burden to the benefit of the wealthy. Data used by opponents of a rate cut overstate the extent to which the truly wealthy realize gains. This is because such data include the nonrecurring capital gains of those normally in the middle- and lower-income brackets. These people appear to be temporarily quite wealthy. For example, when a middle-class business owner retires and sells a business or when a retired person sells a family home, his income that year may increase several hundred thousand dollars. They are "rich" for one year. The next year however, they are back among the middle class. Realized capital gains tend to be nonrecurring events. Yet, when combined with a taxpayer's income, those gains appear to be realized predominantly by wealthy people.

A more realistic picture of capital gains benefit distribution is portrayed by using data based on levels of ordinary income. IRS data show that capital gains realizations are actually spread quite evenly throughout ordinary income groups. In 1987, over 70 percent of those reporting capital gains had ordinary income under $50,000. Another important point is that over 14 million Americans reported a capital gain in 1987, and 25 percent of these taxpayers were elderly. One-fourth of the taxpayers with ordinary incomes between $20,000 and $50,000 reported a capital gain at least once during the 5-year period 1979–1983.

International Competitiveness

By pursuing the politics of envy, we not only harm middle- and lower-income Americans, we also imperil America's economic position in the world economy. At a time when most of the industrialized world have no or minimal taxes on capital gains, America is moving in the opposite direction. In an increasingly competitive and global economy, America cannot afford to pursue foolhardy economic policies.

A recent study conducted by Arthur Andersen & Co. for the Securities Industry Association demonstrates that U.S. capital gains tax rates are among the highest in the industralized world. As Table II shows, Germany, Italy, the Netherlands, Belgium, Hong Kong, Taiwan, South Korea, and Singapore all completely exempt long-term capital gains in stock investments from taxation. Even France and Sweden tax long-term capital gains at 16 percent and 16.80 percent, respectively.

TABLE II.—INTERNATIONAL COMPARISON OF INDIVIDUAL CAPITAL GAINS RATES

Country	Short-term capital gains	Long-term capital gains	Holding period/long-term gains
United States	28.00	28.00	1 year.
Australia[1]	49.25	49.25	1 year.
Belgium	0	0	NA
Canada	19.33	19.33	NA
France	16.00	16.00	NA
Germany	56.00	0	6 mo.
Hong Kong	0	0	NA
Italy	0	0	NA
Japan[2]	1.00/20.00	1.00/20.00	NA
Netherlands	0	0	NA
Singapore	0	0	NA
South Korea	0	0	NA
Sweden	42.00	16.8	2 yr.
Taiwan	0	0	NA
United Kingdom[1]	40.00	40.00	NA

[1] Long-term capital gains indexed for inflation.
[2] Tax is the lesser of 1 percent of the sales price or 20 percent of the capital gain.

Source: Data compiled by the American Council for Capital Formation, 1990.

The Revenue Impact of a Rate Reduction

The effect on tax revenues of changes in the capital gains tax rate is a major point of contention between proponents and opponents of a rate reduction. Yet the historical evidence and a number of recent academic and government studies indicate that revenues will increase significantly following a rate reduction.

Those who have predicted revenue losses from past capital gains tax cuts have been proven wrong. The Joint Committee on Taxation (JTC) estimated that the 1978 rate reduction would cost the government more that $2 billion annually. Unfortunately, we do not have the JTC projections for the changes in capital gains tax revenues from the 1981 and 1986 tax bills. One can only suspect that JTC's refusal to release their working papers results from the incompetent and embarrassing performance they made in their 1978 estimate. It is inexcusable that this coverup is allowed to continue.

What evidence we do have only underscores the fundamentally flawed methodology of the JTC. In 1989, Senator Bob Packwood (R-OR) asked the JTC to estimate the revenues produced by a 100 percent confiscation of wealth of all those individuals earning over $200,000. They responded with a 1989 revenue estimate of $104 billion. Even more amazing, they also estimated that that figure would increase to $204 in 1990, $232 in 1991, $263 billion in 1992, and $299 in 1993. In Senator Packwood's words, the JTC's models "do not account for any behavioral response. [They] assume people will work if they have to pay all their money to the Government. They will work forever and pay all of the money to the Government, when clearly anyone in their right mind will not."[5]

Despite the dire predictions of the JTC that a capital gains tax cut would result in a loss of revenue, capital gains tax revenue rose following the 1978 cut. The increase was not simply in the year following the rate cut but continued in successive years. Capital gains tax revenue rose from $9.1 billion in 1978 to $11.7 billion in 1979 and $12.5 billion in 1980. JTC projections missed the mark by over $4.4 billion in 1979 and $5.3 billion in 1980. The 1981 rate reduction brought about a similar increase in revenue. Revenue rose from $12.7 billion in 1981 to $26.5 billion in 1985. In 1986, when taxpayers saw the capital gains tax increase coming, tax revenue exceeded $49 billion, as shown in Table III.

[5] CONGRESSIONAL RECORD, 1989, p. S-15528.

TABLE III.—REALIZED CAPITAL GAINS AND THE ASSOCIATED REVENUE

	Capital gains (billions)	Revenues (billions)	Top marginal tax rate on capital gains (percent)[1]
Year:			
1968	$35.6	$5.9	26.9
1969	31.5	5.3	27.5
1970	20.8	3.2	32.3
1971	28.3	4.4	38.8
1972	35.9	5.7	45.5
1973	35.8	5.4	45.5
1974	30.2	4.3	45.5
1975	30.9	4.5	45.5
1976	39.5	6.6	49.1
1977	45.3	8.1	49.1
1978	50.5	9.1	48.3
1979	73.4	11.7	28.0
1980	74.1	12.5	28.0
1981	80.9	12.7	23.7
1982	90.1	12.9	20.0
1983	122.0	18.5	20.0
1984	138.7	21.5	20.0
1985	168.6	24.5	20.0
1986	327.3	49.7	20.0
1987	144.2	32.9	28.0
1988[2]	161.9	38.9	28.0
1989[2]	151.8	37.6	28.0

[1] Rates for 1968–87 compiled by CBO, based on OTA data.
[2] Data for 1988 and 1989 are preliminary and subject to revision.

Source: Office of Tax Analysis, Department of Treasury.

Dr. Lawrence Lindsey has examined the relationship between tax rates and capital gains. His findings confirm the negative effect of high capital gains taxes on federal revenues and indicate that large revenue gains are likely from a reduction in the capital gains tax rate. Dr. Lindsey based his findings on a review of five of the recent leading academic and government investigations of capital gains taxation. The methodology used in all but one of the studies predicted revenue losses from the 1986 capital gains rate increase. According to Professor Lindsey's analysis, the revenue-maximizing capital gains tax rates range from 9 percent to 21 percent. Dr. Lindsey estimates that a reduction in the capital gains rate to 15 percent would increase revenue by nearly $15 billion over three years. Data from the Internal Revenue Service (IRS) show that following the rate increase in 1987 capital gains realizations dropped significantly, yielding revenue of $32 billion. Preliminary 1988 and 1989 IRS data indicate the trend of lower realizations continued, generating revenues of $38 billion and $37 billion, respectively.

In 1988, the Department of the Treasury published an updated version of its 1985 study of the revenue effects of capital gains taxation. The 1985 Treasury study, using statistical evidence available at that time, concluded that the 1978 act caused a substantial increase in revenue in the first year after the tax cut and in the long run either increased or slightly decreased federal revenue.[6] Similar conclusions were drawn regarding the 1981 capital gains rate cut. The 1988 update, entitled "The Direct Revenue Effects of Capital Gains Taxation: A Reconsideration of the Time Series Evidence," written by Michael Darby, Robert Gillingham, and John Greenlees, extended the sample used in the 1985 study and corrected several flaws in that earlier study. The update concludes unequivocally that both the 1978 and 1981 capital gains tax changes significantly increased revenue.

Even a 1988 Congressional Budget Office study on the historical effect of a rate change on revenue, often cited by opponents

[6] Report to Congress on the Capital Gains Tax Reduction of 1978," Office of the Secretary of the Treasury, September 1985.

of a rate reduction, found that changes in tax rates on capital gains produced a significant change in behavior on the part of investors. That study concluded that the revenue-maximizing rate was probably below the current top rate of 33 percent. The study made four point estimates of the revenue-maximizing rate. They were all below the present top rate. Equally important, the study did not rule out, based on the data, that 15 percent was the revenue-maximizing rate.

Several economists have released "studies" purporting to demonstrate that a higher capital gains tax rate would lead to higher revenues. Regretfully, all of these studies ignore increased capital gains caused by higher economic growth, which ultimately produce higher tax revenues. It is disappointing that these obviously flawed studies are given a modicum of respect.

History shows that rate reductions increase revenue. Even if revenue did not increase, it seems clear that a revenue-neutral tax policy change that encouraged investment and savings, reduced the cost of capital, and increased jobs would be a wise policy change.

The President's Proposal

President Bush has renewed his call for a capital gains tax cut. The Administration's capital gains proposal is based on a sliding scale. The proposal provides for a 10, 20, or 30 percent exclusion for one, two or three years respectively. The holding period requirements would be phased in over three years. The proposal applies only to individual capital gains but includes a broad range of capital assets, including stocks, bonds, real estate, and timber. The Department of the Treasury estimates that the Bush Administration's capital gains proposal will raise $3.0 billion in 1992 and and a total of $9.1 billion through 1996.

Although the Chamber finds the Administration's proposal is a step in the right direction, it believes that a number of changes should be made. A simple exclusion approach with one short holding period is preferable to the sliding scale. An exclusion is less complex and does not involve lengthy and unwarranted holding periods. In order for a rate cut to be a significant incentive for investment, the exclusion should yield an effective rate of between 15 percent and 20 percent. The holding period should be no longer than one year.

The proposal should apply to all capital assets but, most importantly, it should cover corporate as well as individual capital gains. Corporate income is already subject to double and sometimes triple taxation. Failure to provide a capital gains differential for corporations would exacerbate existing distortions and inequities. All of the sound economic arguments that favor a capital gains tax cut apply to corporations as well as individuals.

Traditionally, a significant amount of funding for the organized venture capital market has been supplied by corporations. Venture capital support financed by corporations would be stimulated by a corporate capital gains rate reduction, and corporations would be encouraged to fund their own "spin-off" ventures. In addition, lowering capital gains tax rates on corporations as well as individuals would reduce the attractiveness of debt finance and encourage equity finance. Many argue that a corporate capital gains rate reduction would cost the Treasury a great deal of revenue. This analysis is often based on the limited response to the two percent corporate capital gains rate cut from 30 to 28 percent effective in 1979. In 1986, corporations realized 94 percent more capital gains in response to the 1987 six point rate increase in the 1986 act. The conclusion that should be drawn from this data is that if the incentive is substantial, corporations will alter their behavior just as individuals do. Therefore, it is unlikely that a substantial corporate rate reduction would lose revenue. To the contrary, if the rate differential is substantial, a corporate capital gains reduction is likely to be self-financing.

NEUTRAL COST RECOVERY SYSTEM

An important component of an economic growth package is the adoption of a neutral cost recovery system to hold investment harmless for the time value of money and to protect tax depreciation write-offs against inflation. The Chamber supports proposals to adjust current depreciation schedules each year so that at the end of the depreciation period companies would be able to recover the inflation-adjusted replacement value of the asset. This system would ensure that companies are allowed to recover the present value equivalent of expensing the total amount of the investment. This system would ensure that companies are allowed to claim the present value of the amount of depreciation. Neutral cost recovery has a minimal short-term revenue impact because it adds only a small amount to the tax depreciation that would have been written off under existing law and because it will be more than offset by economic growth.

SAVINGS INCENTIVES

Business growth depends largely on the availability and cost of capital. By curtailing Individual Retirement Accounts (IRAs), lowering 401(k) plan contribution limits, and denying 401(k) plans to organizations that are tax exempt under Section 501(c) of the Internal Revenue Code, the Tax Reform Act of 1986 reduced incentives for savings and capital formation.

Since 1974, over $200 billion has been deposited in IRAs. In 1986, 15 million tax returns reported $38 billion in IRA contributions, almost a third of all personal saving that year. But in 1987 only 7 million returns reported IRA contributions, and these totaled only $14 billion.

IRA deposits consist largely of new saving. Based on data they have collected and reviewed, Steven F. Venti and David Wise estimate that 80 percent of IRA contributions are new saving.[7] A 1989 study by Daniel Feenberg and Jonathan Skinner, and an earlier study by Martin Feldstein and Daniel Feenberg support the assertion that IRAs consist largely of new saving.[8] As the Feenberg and Skinner study states: ". . . [W]e find little or no evidence which favors the view that IRAs are funded by cashing out existing taxable assets."[9]

The Venti and Wise study estimates that over half of each marginal IRA dollar came from reduced consumption, another 20 to 30 percent from reduced taxes, and at most 20 percent from other saving. IRAs were not largely financed by borrowing.

IRAs are necessary because the current tax system is biased against saving and favors consumption. Income that is saved is taxed twice—first when it is earned, and again when it earns a return. The tax system should be neutral in its impact on the choice between saving and consumption. This can be done in one of two ways. First, the tax on income that is saved can be removed, usually by allowing a deduction. In the alternative, income that is saved can be taxed, while earnings from that saving is tax exempt.

IRAs available to all taxpayers prior to the Tax Reform Act were based on the first approach. They provided a deduction when deposits were made. The back-loaded IRA and the Family Savings Account proposed by the Bush administration are based on the second approach. No deduction is allowed when the deposits are made, but if funds remain deposited for the required period of time, all earnings are tax-free and no tax is paid when money is withdrawn from the accounts.

Under the Bush proposal, families could make annual nondeductible contributions of up to $5,000 ($2,500 for each spouse), or single individuals could contribute up to $2,500. Participation in Family Savings Account is open to taxpayers filing joint returns with yearly adjusted gross incomes up to $120,000 (single taxpayers up to $60,000). Contributions to Family Savings Accounts can be made in addition to IRA contributions, and investments can be made in a wide range of financial instruments.

If the funds are held in the Family Savings Account of seven years, all earnings are tax-free. Funds can be left in the account beyond seven years with all interest earnings accumulating tax-free. Earnings on funds withdrawn between three and seven years are subject to income tax, and any earnings on funds withdrawn prior to three years are subject to income tax and an additional 10 percent penalty on those earnings. By reducing the tax bias against savings and increasing the return to savings, this proposal is bound to result in greater savings. Moreover,the fact that the savings can be used for purposes other than retirement will increase people's willingness to take advantage of the Family Savings Account as a savings mechanism.

Again, while the Chamber of Commerce views the Family Savings Account initiative proposed by the administration as a positive step, it does not go far enough. A better plan would implement the "IRA Plus" propsal, discussed earlier, to allow people to make deposits with after-tax funds and to make withdrawals of principal and interest tax-free after age 59 and one-half. The proposal also would allow tax-free withdrawals for the first-time purchase of a home, for a college education for a family member, or for catastrophic medical expenses. This provision would encourage more savings and encourage first-time home purchases.

Employer-sponsored 401(k) plans are another incentive for saving. 401(k) plans allow employees to save for their retirement via a tax-favored plan, which may or may not feature employer contributions as well. 401(k)s are extremely popular with employees, and indeed are the fastest-growing segment of the nation's private retirement system. The Tax Reform Act eliminate from 401(k) eligibility those organizations exempt under Section 501(c) of the Internal Revenue Code which did not have plans in place prior to July 1, 1986. The Chamber urges Congress to

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[7] Venti, Steven F. and Davis Wise "IRAs and Saving" in M. Feldstein (ed.) *Taxes and Capital Formation*, University of Chicago Press, (1986). Have IRAs Increased U.S. Saving?: Evidence from consumer expenditure surveys's" National Bureau of Economic Research, Working paper No. 2217, (April 1987). "The Evidence on IRA," *Tax Notes* (January 25, 1988).

[8] Feldstein, Martin and Daniel R. Feenberg, "Alternate Tax Rules and Personal Saving Incentives: Microeconomic Data and Behavioral Simulations" in Mr. Feldstein (ed.), *Behavioral Simulation Methods in Tax Policy Analysis*, Chicago: University of Chicago Press, (1983).

[9] Feenberg, Daniel and Jonathan Skinner, "Sources of IRA Saving," National Bureau of Economic Research, Working Paper No. 2845, (February 1989).

rectify this mistake and restore retirement equity to employees of 501(c) organizations.

TWENTY-FIVE PERCENT DEDUCTION FOR HEALTH INSURANCE COSTS FOR SELF-EMPLOYED INDIVIDUALS

Section 162(l) of the Internal Revenue Code provides that self-employed individuals may deduct 25 percent of the amount paid for health insurance for the individual, the individual's spouse, and dependents. This provision was added to the Code in 1986 to make the tax treatment of health insurance benefits of self-employed individuals fairer and to encourage broader coverage in this sector.

The Chamber supports permanent extension of this tax deduction for the self-employed and supports increasing the deduction to 100 percent. Unincorporated small business owners should be given a full deduction in order to have greater parity with their competitors who are organized as corporations and are thus able to take advantage of full deductibility of health insurance costs.

Many of the individuals affected by this provision are self-employed small business owners. These self-employed business owners provide jobs for more than 20 million Americans. But they also represent a significant portion of the uninsured population. The Employee Benefit Research Institute estimates that 22 percent of self-employed business owners do not have health insurance coverage.

Small businesses face obstacles to providing coverage, almost by definition. Overall businesses currently face annual health care cost increases averaging nearly 20 percent. Many small businesses have been hit with even larger increases. Administrative, marketing and brokerage costs add 25 to 40 percent to the cost of health insurance premiums for small businesses. In addition, most small businesses do not have sufficient assets to self-insure. As a result they must purchase state-regulated insurance plans that include mandated benefits—adding as much as 20 percent to the cost of health insurance. If this deduction is allowed to expire, those who use the deduction could be faced with increases of as much as 8.25 percent in the after-tax cost of their health insurance premiums.

The tax preferences for health expenditures were put into place to expand coverage. As a result, today more than 153 million Americans have coverage through corporate employer-provided plans. The Chamber believes that other types of business organizations, (e.g., sole proprietorships and partnerships) should have the same incentive—100 percent deductibility—that is given to corporations to provide health insurance.

At a time when the nation is more aware of the growing problem of the uninsured and the skyrocketing costs of health coverage, it makes no sense to allow this important tax deduction to lapse. The Chamber supports the administration's proposal to extend the 25 percent health insurance deduction for the self employed. Indeed, from a health policy perspective, the 25 percent deduction not only should be retained, but should also be expanded to 100 percent. This is not the only remedy needed to increase health-care coverage, but it would be an important step.

RESEARCH AND EXPERIMENTATION TAX CREDIT

Industrial progress depends on the development of innovative products and methods. Research and Experimentation (R&E) conducted by business is the primary means by which innovation is generated. Scientific developments are transformed into new products and processes that result in increased productivity, improved living standards, and sustained economic growth.

According to the Administration's fiscal year 1992 budget, the federal government funds about 50 percent of total national investment in R&E. Industry performs over 70 percent of total national R&E.

These statistics highlight the Chamber's viewpoint that a successful national R&E policy is best served through reliance on private R&E expenditures. President Bush recognizes the significant role of the private sector in R&E. This is demonstrated by the Administration's call for a permanent R&E tax credit.

A permanent R&E credit is necessary to ensure that the U.S. remains the largest investor in absolute size regarding R&E expenditures and to ensure that American business remains competitive overseas. A 1989 National Science Foundation report on national R&E resource patterns indicates that the United States spends more money on R&E activities than France, West Germany, the United Kingdom and Japan combined.

These statistics mask the real trends on an international basis. For example, although the same National Science Foundation Report states that U.S. R&E expenditures (on a combined civilian and defense basis) were roughly comparable to West Germany and Japan's expenditures as a proportion of Gross National Product (GNP) during the late 1980's, the statistics dramatically diverge when compared on a civilian R&E basis. On a civilian basis, the U.S. spent about 1.7 percent of GNP on research and experimentation during the same time period. In contrast, Japan and West Germany spent approximately 2.8 percent and 2.6 percent of GNP, respectively, on civilian R&E in the late 1980's.

Other National Science Foundation statistics elaborate on the international competitiveness issue. The U.S. had the highest proportion of scientists and engineers engaged in R&E per 10,000 population until the mid-1980's. From 1964 to 1985, the U.S. had roughly 64.7 scientists and engineers per 10,000 population. In contrast, Japan nearly tripled the number of these technical professionals in its population during the same time period. By 1986 Japan had 67.4 scientists and engineers per 10,000 population while the U.S. had 66.2 scientists and engineers on a similar proportionate basis. West Germany has more than doubled its percentage of these technical persons on a population basis since the mid-1960s as well.

The research credit is an important component of a productivity growth strategy, especially when weighted against the dramatic slowdown in the rate of productivity growth which began in the mid-1960s, and became progressively worse from 1973 to 1981. According to U.S. Patent Office statistics, there is evidence that innovation slowed between 1973 and 1981. These statistics indicate that the number of patents issued to U.S. inventors fell from a high of more than 50,000 per year from 1971–1973 to approximately 35,000 per year in the early 1980s. Patents issued to U.S. inventors have increased in recent years, as suggested by the fact that U.S. inventors were issued about 47,500 patents in 1987.

There is a virtual consensus that rapidly growing R&E is a prerequisite of rapid productivity growth. John W. Kendrick, a recognized expert on productivity with the American Enterprise Institute, has emphasized that the slowdown in R&E spending was a major contributor to the decline of productivity growth from the mid-1960s through 1981. By enacting the R&E tax credit into law in 1981, Congress recognized the need to maintain U.S. competitiveness with major trading nations and the importance of reversing the dismal productivity trends of previous years.

Corporate R&E spending produces benefits to society as a whole beyond the private rewards reaped by the companies involved in the R&E operation. The excess social gains accrue both to consumers and to firms that compete with the companies conducting the R&E. Consumers benefit from lower prices on products as a result of cost-saving innovations and from the availability of new products. Competing firms are able to develop their own applications of innovative technology.

There is a substantial gap between the social and private rates of return for R&E and innovation. As a result, without an incentive such as the R&E tax credit, businesses will spend less in the U.S. on R&E than would be desirable from the perspective of society as a whole. The nation's R&E shortfall cannot be cured in a short period of time. R&E is inherently long-range. In industries such as electronics, product cycles can last three to five years. Each cycle also builds on earlier cycles. In other high technology industries, such as aerospace, product cycles can last 10–15 years. In either case, high levels of R&E must be performed every year. American industry is committed to undertaking the necessary efforts. But to enable this, it needs sensible and stable policies. To maximize the benefits from the R&E tax credit for both businesses and society as a whole, the Chamber urges making the credit permanent. The uncertainty surrounding the future existence of the credit no doubt leads to businesses reducing their commitment to long term R&E projects, and in turn reduces the social benefits from R&E spending to all Americans.

ALLOCATION OF U.S. R&E TO FOREIGN SOURCE INCOME

A U.S. corporation's foreign tax credit is limited to 34 percent of the company's foreign source taxable income. Sections 861, 862, and 863 of the Internal Revenue Code were created to define whether the source of income was within or outside the U.S. Treasury regulation. Section 1.861-6 requires that indirect expenses be apportioned to the sources of income. Presumably, if this defining process is properly carried out, that which is U.S.-source income will be taxed in the U.S. and that which is foreign-source income will be eligible for the relief provided by the foreign tax credit mechanism.

The allocation of indirect expenses to foreign-source income, without a corresponding foreign deduction, has the inherent effect of taxing the same earnings twice if a corporation runs up against its foreign tax credit limitation. Under the Tax Reform Act of 1986, multinational corporations are likely to face such a double-taxation scenario. This, of course, defeats the very purpose of the foreign tax credit, which is to prevent double taxation.

Double taxation results or can result, depending on the particular circumstances, because the U.S. expenses allocated under the Section 1.861-8 regulations to foreign-source income are not deductible in a foreign jurisdiction. Other nations do not allow a deduction of indirect expenses incurred by another entity. Thus, a U.S. taxpayer in effect has its foreign tax credit limitation proportionately reduced to the extent that it conducts U.S. R&E.

The Chamber believes that R&E expenses incurred in the U.S. should be 100 percent allocated to U.S.-source income. Nevertheless, the chamber does view President Bush's proposal for permanent solution to the matter of allocating U.S. R&E to foreign-source income as a positive approach. This proposal provides for allocation of 64 percent of R&E expenses to the U.S.

ENTERPRISE ZONES

The Chamber supports the administration's enterprise zone proposal because it represents a carefully circumscribed approach that will enable policy makers to gauge the actual impact of the zones on depressed communities. The enterprise zone concept would rely on tax incentives and regulatory relief to attract new businesses and encourage entrepreneurship in depressed urban and rural communities. The Chamber supports enterprise zones as a cost-effective way to encourage economic development by reducing barriers to growth and rewarding success, and advocates legislation to establish a limited number of zones on an experimental basis. Federal efforts should also be matched by state and local incentives to remove regulatory barriers to redevelopment.

Mr. Chairman, thank you for allowing us to present our views to the Committee.

The CHAIRMAN pro tempore (Mr. MAZZOLI). The gentleman from California [Mr. PANETTA] has 1 hour and 3 minutes remaining, and the gentleman from Texas [Mr. ARMEY] has 58 minutes remaining.

Mr. PANETTA. Mr. Chairman, I yield 7 minutes to the gentleman from Mississippi [Mr. ESPY]

Mr. ESPY. Mr. Chairman, I rise to ask my colleagues to support this budget resolution because it passes the test of the 3 R's: The first R is that it is responsible; the second, in my opinion, is it provides for a more proper realignment of those special domestic priorities; third, Mr. Chairman, it reaffirms our commitment to some very important areas.

I would like to take issue to the statement, or at least to the inference advanced by my good friend from Texas who a minute ago made the statement, because the CBC, the Congressional Black Caucus, is not offering an alternative budget this year, that somehow that budget we are advancing is somehow more suspect or somehow more deserving of greater scrutiny. I hope that is not what he meant. I would say to my colleagues that, yes, it is true that it is my opinion the CBC will not offer an alternative budget, but it has more to do with the technique and the rules, because the rules have changed. Yes, we would like to have seen more attention to domestic priorities, but the rules have changed. A lot of Members in alternative budgets, like to take the transfer from defense to give it to domestic priority which we feel are more pressing. Because of the budget rules this year, we cannot do that. I would say to the gentleman that when we come to the defense authorization bill, the Congressional Black Caucus will be quite active on the floor this Congress.

As I said, Mr. Chairman, this budget passes the rules of the 3 R's. It is responsible. First, it sticks to the parameters given by the budget summit. It respects the caps and adheres to the pay-as-you-go philosophy. It takes Members down the right road to meaningful deficit reduction by 1996 without new taxes, and although we still have a whopping deficit of about $300 billion in fiscal year 1992, we do much to limit the increase given the amount of the recession that we are in now, and increase in outlays for cost of programs like unemployment insurance.

Number two, Mr. Chairman, as has been said before, this document provides a more proper realignment in domestic spending. On its face, there really are not any real differences between international affairs and defense outlay, but on the domestic category the differences are very substantial, and the differences show when determining whether we will go halfway into meeting a critical need, or whether we will attempt to go all the way home.

Just to focus on a few, when it comes to the WIC Program, although President Bush to his credit, has increases in the WIC Program, in this Democratic budget resolution, we say that we are honoring a program which everyone knows works. The President increased the money for WIC, but Mr. Chairman, he did not go far enough. This resolution says that infant mortality rates rival Third World nations. We know that. President Chamarro was here from Nicaragua, a country devastated, but if we look at conditions elsewhere around this country, we have infant mortality rates that also unfavorably rival Nicaragua. So we are saying yes, WIC works. Let Members fully fund the WIC Program by 1996.

When it comes to the Headstart Program, we are saying in this budget resolution that we know that Headstart works. So let Members stop posturing. Let Members stop sloganeering, and fully fund the program by the year 2000, as we have done. Also, when it comes to other educational increases, we say let Members stop talking and increase education by $2 billion. Increases for student aid, vocational education, math and science programs, and do more to educate the students of our Nation.

Third, when it comes to realignment, I feel that the Bush budget was a literal assault on rural America, on rural house battles, on small cities, and towns. Mr. Chairman, through the Democratic resolution, we are saying we know that a fourth of all Americans still live in rural areas, and we cannot forget those people. We have to include them in this budget document. What we do is we increase money for rural housing, water and sewer, disadvantaged farmers, rural economic development, and we restore the cuts that have been so Draconian in nature, in CDBG and EDA.

Last, Mr. Chairman, we do a lot to reaffirm our commitment to some very important programs and to some very important people in our country. We reaffirm our commitment to the elderly by rejecting $25 billion in Medicare cuts. We reaffirm our commitment to veterans by increasing veterans' services by about a billion dollars. We reaffirm our commitment to working families by rejecting the means test for student loans and child nutrition. We reaffirm our commitment to competitiveness by allowing for increases in basic research, energy and conservation, math and science, and the strategic petroleum reserve.

In conclusion, Mr. Chairman, I would like to say that this budget resolution passes the 3 R's of responsibility, realignment, and reaffirmation. That is why we should pass this budget resolution.

Mr. ARMEY. Mr. Chairman, I yield myself such time as I may consume to say that I would like to remind Members that we are trying to conduct a debate here in compliance with the 1978 Revisions of the Employment Act of 1946, which suggests that Congress should evaluate budgets with respect to the impact of the Federal Government's budget on the performance of the economy for the American people.

I have suggested to Members that there are two ways in which we can evaluate budget options. One, the historic way in which it has been done in this country, what is the impact of the Federal Government's budget in spending patterns on the economic infrastructures on performance of the economy on behalf of the American people? Two, the alternative way, and the way in which we have become accustomed in recent years to evaluating budgets, is to look at the Federal Government's budget and ask, what does it do for the Federal Government? It is a very fundamental difference.

I would like to take just a moment to trace some of the history of legislation that has brought Members to this different perspective on the nature and scope of the Federal Government's budget in relationship to the American people and their economy. We all, of course, remember the Great Depression of the 1930's, and we remember what a turning point that was for the American economy. Prior to the Great Depression the Americans were, by and large, willing to place their confidence on the laissez-faire theories of the early classical economists that suggested that the Federal Government or any government ought to do the essential tasks of government, building infrastructure, providing the national defense, and things of that nature, and to do so in a fiscally prudent fashion, to leave as much money as possible in the pockets of the working men and women of this country, and to leave them to follow their natural incentives, to work, save, and invest in creativity and a greater life. It, of course, worked well.

We suffered the trauma of the Great Depression. The trauma was protracted and severe. For those people in the economics profession, we recognize that the Depression year 1936 was a turning point also for the profession, and the way it looked at the free market economies, with the publication of John Maynard Keynes' General Theorem of Interest Employment and Money, and there became in the economics profession a new thesis that the Federal Government of any nation ought to use its budgetary options of taxing and spending and borrowing, if necessary, to control the business cycle, to recover from great depressions, or to control inflations.

□ 1700

We have what was in the 1930's, bemoaned by John Maynard Keynes himself, a very reluctant student of this new theory, then President Franklin Delano Roosevelt. In fact, Mr. Keynes, Lord Keynes, bemoaned the fact that President Roosevelt was a slow learner and difficult to give instructions to in his new way of looking at things. Many of us in this country bemoan the fact that he seemed to learn these bad habits too readily, but still nevertheless we had a fundamental change.

Obviously, the war interceded against the Depression and because of the involvement of World War II, we did in fact buy our way out of the Depression. Following the war, fearing a post-war Depression as had often been the case in the world's history, we passed the first landmark and what is often considered to be the landmark piece of economic legislation in this country, the 1946 Employment Act.

Now, it is important to understand what the Employment Act was all about. We always have to remind students that it is not the Full Employment Act. It was the Employment Act, and Congress said, "We accept the proposition that it is the responsibility of the Federal Government to use its fiscal policy options of taxing, spending and borrowing, to try to control the business cycle."

And it stated the objectives of this kind of counter-cyclical fiscal policy as trying to maintain a reasonable rate of economic growth with relatively stable prices; very vague in general.

You notice, though, it said the objective of budgetary activity shall be to serve the needs of the American people and the performance of the American economy, not to serve the needs of the Government.

Now, at the same time we created some new institutions in 1946 with the Employment Act. You will notice that in the creation of these new institutions, most of the control over this budgetary counter-cyclical policy was vested in the Executive Branch of the Government. We created the President's Economic Report so we could have an idea how well we were doing. We created the Council of Economic Advisers, and then it created as an Oversight Committee, perhaps one of the greatest ideas of the Employment Act of 1946, the creation of the Joint Economic Committee of the House and the Senate to serve also as a watchdog in this process.

Now, as a result of the Federal Government taking on these new responsibilities in the Employment Act of 1946, we saw a surge of growth in the size and influence of the Federal Government, always though guided by the principle that the Federal Government should conduct its budgetary activities in the service of the American people. As that turned out, we saw this enormous surge.

Well, let us go on with the story. We got through the 1950's fairly well. We got through the 1960's, and in the 1960's we ran into some difficulty. We ended up in the 1960's with an effort on the part of then-President Johnson to basically transform the institutional structure of the budget in what he called then the war of poverty, and this is where we first began to change the structure and put into place those programs that are now called entitlement programs, that have grown beyond control. Using the legislative language, "Congress shall appropriate such sums as are necessary," creating program after program of entitlements, we in effect put a major and the only growing part of the Federal budget from the 1960's until today on automatic pilot, out of control, and it now consumes 52 percent of our budget. That, of course, led us to the period of the 1970's rapid inflation, recurring business cycles, no seeming ability to control them.

Finally, in 1974 then-President Nixon tried to gain some control over spending, and he exercised the then-Presidential prerogative which was called impoundment, and that so offended Congress that in 1974 we passed a new landmark piece of legislation, the 1974 Congressional Budget and Impoundment Act.

Now, the object of the 1974 Congressional Budget and Impoundment Act was to take power away from the executive branch and put power in the hands of Congress. There was not at least stipulated in any clear sense any change in the philosophical conception of what was the appropriate role of the Government's budget with respect to the needs of the American people as over and against the needs and desires and wants and convenience of the Government; but as they did that, they said in effect, "We cannot trust the executive branch to refrain from meddling in all the deals that we put together in our appropriations process."

So in passing the 1974 Budget Act, they created the Congressional Budget Office, which was directly and remains directly under the control and subservient to the will of the majority of Congress, the majority party in Congress at any given period of time, as an agency of independence from the President to evaluate, measure, project, predict the results of economic policies and institutionalize and sanctionize the politicizing of economic policy. That is to say now we have the device by which we can get the scorekeeping done our way. We can make the projections that suit our needs and we can make our policy options that happen, incidentally, to conform to our desires, seem also to conform to the needs; so we continue at least the pretension of having a budgetary process that is responsive to the needs of the American people while we set up the mechanical apparatus to make this process work on behalf of the Government itself.

Now, what happened was after, of course, President Nixon left the White House and we had the subsequent period of time which became known as stagflation, a mystery even to the Keynesians, the Keynesians said this cannot happen, it is impossible, and therefore did not know what to do. Jimmy Carter was baffled by it, and finally threw up his hands in such despair and gave his "days of national malaise" speech which still haunts ex-President Carter.

The result of that frustration that we had in the seventies, the simultaneous inflation and recession that then was supposed to be impossible, was the 1978 Humphrey-Hawkins Act, which was an amendment to the Employment Act of 1946, which did something that had never been done to this point.

First, it set numerical interim economic goals for the Federal budget. The first time we had said in the Act of 1946 that we were to encourage stable economic growth and stable prices, now they said we have explicit numerical goals, to hold unemployment to 4 percent or below, to hold inflation at 3 percent or below.

Later in 1979 we added another stipulator to these explicit objectives, and that stipulator, accepted by Congress and embraced by Congress, a very exciting point and probably I hope the most important point most of us will realize today, Congress accepted for itself in 1979 in addition to the objective requirement that their policy be aimed at the public service, of holding unemployment to 4 percent or below and inflation to 3 percent or below, the additional criteria that Federal spending should be held at 20 percent of GNP or below. It was believed that when we go beyond 20 percent of the GNP we wreak economic havoc on the economy. We had some testimony earlier about that, and that must if we are going to fulfill the earlier objectives of a 4-percent unemployment rate and a 3-percent inflation rate, we must hold Federal spending to 20 percent or less of the GNP.

□ 1710

Now, what I want to do is I am going to yield to other speakers who may be here now, but I want to come back and say: What have we done by way of, one, maintaining our awareness that that is the objective of budgetary policy to serve the needs of the American people over and against those of ours? And have we done a very good job? And in what years have we done a decent job of fulfilling these three mandates Congress accepted to itself in the years 1978 and 1979?

Mr. Chairman, I reserve the balance of my time.

Mr. PANETTA. Mr. Chairman, I yield 9 minutes to the gentlewoman from Ohio [Ms. OAKAR].

Ms. OAKAR. Mr. Chairman, I want to thank the distinguished chairman of our Committee on the Budget for yielding to me.

I want to comment on the fact that, in general, I want to compliment the Budget Committee for the alternative to the President's proposal that it has worked out. I want to say for the record, because I think it is easy to vote against or for something without telling individuals, the American people, why, I want to cite some reasons why I am opposed, very much opposed, to the President's budget.

It is true there are certain things about it that I like. But I really believe from the bottom of my heart that the budget does not address the needs of the American people, in particular the quality of life of the American people. I think it is important to compliment the President in terms of the efforts that he and Secretary Baker are making with respect to reconciliation among individuals in the Middle East. But I honestly believe that the President has to pay more attention to what is going on at home and what it is that the American people need.

Let me just cite a few things that struck me as being very, very problematic with his budget.

The middle class and the elderly, who have committed their lives in pursuit of the American dream for themselves and their families, are being degraded and humiliated by an administration that would take away their opportunity to own a home and to live out their senior years healthy and independent.

Veterans must be especially confused. They answered the call of their country in times of national peril, made the sacrifices required of them, and now are being told that their entitlements and benefits should be cut.

Am I exaggerating? Hardly. The administration wants to just throw out the window last year's agreement on Medicare. It is proposing cuts totaling $73 billion over the next 5 years. I can tell you that my hospitals, my physicians, and my senior citizens can no longer tolerate further cuts in Medicare programs. Hospitals in my hometown of Cleveland, OH, are losing money on every single Medicare patient they treat. Many hospitals in Ohio and across the Nation are closing or are in danger of closing because of draconian cuts in Federal funding.

The administration insists on the application of means testing Medicare. We saw the result of such attempts when we passed the Medicare catastrophic bill 2 years ago. And the administration still wants to "mess with Medicare." Most Americans reject outright the notion that Medicare should be a welfare program. Benefits, although inadequate, are fairly distributed and everyone knows exactly how much they are paying for.

The President has been quite vocal on tackling infant mortality. The United States has a disgraceful infant mortality rate that equals or surpasses some Third World countries. Yet, the administration has launched what it terms is a "bold, new initiative" to address this problem in our Nation's cities. But, to do so, it proposes cutting a vital and successful Child and Maternal Health Block Grant Program that has already saved countless lives by making pre- and post-natal health care available to women and children who might otherwise go without.

The President's budget says that drug prevention and treatment programs are intended to keep demand down and accelerate its decline. Yet the administration wants to spend 470 percent more on interdiction and drug law enforcement than on drug treatment alone. While calling for targeting criminal-based drug treatment programs, the administration budget calls for only a modest increase in Federal illicit drug treatment programs in our prison system and fails to even mention alcohol abuse, which is the No. 1 drug problems in our country. Even though 18 million Americans are suffering from alcohol abuse at a direct cost of $137 billion annually to our Nation's families and economy, alcohol abuse programs under the Alcohol, Drug Abuse, and Mental Health Administration would be cut by $4.5 million, a 7-percent real cut.

The man who campaigned that he wanted to be the "education President" proposes:

Cutting guaranteed student loans by $698 million over the next 5 years;

Such modest increases for Head Start it would take over 50 years to cover all eligible preschoolers aged 3 and above. Nonetheless, one of our national education goals is that, by the year 2000, all children will start school ready to learn.

Education advanced by the administration will continue to foster illiteracy and ill-prepare our Nation's children to triumph in the increasing competition of the global market.

The fiscal year 1992 Bush budget request to Congress again slashes funding for vitally needed housing and community development programs. It appears the request merely dusts off previous Reagan budget requests by effectively reducing the number of units assisted by HUD and eliminating critical programs to low-income Americans. The Bush budget:

Provides no new funding for public housing development or Indian housing construction even though an estimated 1 million persons around the country are currently on public housing waiting lists:

Proposes no funding for the new national home ownership trust or the Migrant Homeless Program;

Only asks for half of the funding authorized for the Home Investment Partnership Program, a gap financing program to expand the supply of safe and affordable housing;

Provides, like the Reagan budgets, no new funding for section 8 certificates and continues its reliance on vouchers as its principal form of rental assistance to low-income persons;

Reduces the Community Development Block Grant Program by 8.7 percent at a time when our cities and States are facing ever-increasing infrastructure and housing needs;

Provides only 5,000 section 202 elderly and handicapped housing units, which is an approximate 32-percent reduction from the level authorized in the 1990 housing bill for fiscal year 1992;

Reduces, by 26.8 percent from authorized loan levels, the amount of housing loan authority to low-income Americans:

Despite Congress' repeated reauthorization, eliminates funding of the section 8 Moderate Rehabilitation for Single Room Occupancy Dwellings Program and the Supplemental Assistance for Facilities to Assist the Homeless Programs.

And what of our veterans? We have asked so much of them, some of whom responded to the call of their country by making the supreme sacrifice. Yet we have an administration that gladly wraps itself in the cloak of warrior chief but which would deny its warriors some $400 million in entitlements and benefits. It smacks of hypocrisy.

The administration's lauded national energy policy is a national joke. While I chaired the Economic Stabilization Subcommittee, I repeatedly asked, cajoled, and begged the White House for over 2 years to obey the law and develop a comprehensive energy policy that would wean the country from its dependence on foreign oil. I formally offered to the administration a 10-point proposal which spelled out goals for the year 2000 upon which the White House could build its response. What did we get? A 1991 energy strategy and a fiscal year 1992 budget that adds up to about one-third of a true energy policy. The score expressed in the overall total dollars difference from fiscal year 1991 levels is:

Administration: down $66 million;
Congress: up $800 million.

During the past two presidencies, financing for research, which is the key to future U.S. energy security, consumer and environmental protection was cut almost 90 percent in real terms. This year's administration proposal would further cut one of the most promising of the world's technology developments, clean coal, by $76 million.

So, Mr. Chairman, once more it is falling to the Congress to do what the White House refused to do, or is incapable of doing: Find the answers that will protect American families, house them, heal them, educate the children, give them opportunities for jobs, and then repair and improve the cities' infrastructures so they have a way to get to those jobs.

There is much bold work to be done. The Democratic budget proposal is a solid, responsible beginning.

I would like to engage the chairman in a colloquy.

Mr. Chairman, I am very concerned with the administration's insistence on the application of means testing to Medicare. We saw the results of such attempts when we passed the Medicare catastrophic bill 2 years ago, and the administration still wants to mess with Medicare. Most Americans reject outright the notion that Medicare should be a welfare program. Benefits, although inadequate, are fairly distributed and everyone knows exactly how much they are paying for. How does the committee's budget address the means testing question with respect to Medicare?

Mr. PANETTA. If the gentlewoman will yield, the committee's budget assumptions do not include any potential savings that might result if we were to adopt the administration's plan to partially mean test the Medicare Program. The Budget, however does not preclude the committees of jurisdiction from considering such proposals.

Ms. OAKAR. Mr. Chairman, I am delighted to see that the committee has gone beyond the administration's request to increase our commitment to the National Institutes of Health. However, I am concerned that NIH has failed so far behind where it ought to be that many promising new initiates in biomedical research may not be pursued. Along with many of my colleagues who are members of the Congressional Caucus for Women's Issues, I would like to see NIH reverse its poor track record in focusing on health problems which are unique to women. We have high hopes that this will be turned around this year, but in doing so we do not want to jeopardize important work that is already underway at NIH. Does the committee budget take these concerns into account?

Mr. PANETTA. The committee report spells out its concern regarding women's health initiatives. The committee assumes increased funding for the NIH Office of Women's Health Research at a fiscal year 1992 level of $14 million and funding for an ADAMHA Office of Women's Health Research in fiscal year 1992 at a level of $2 million. These offices have been created to address many of the concerns voiced by you and the women's caucus. The NIH level assumes an increased effort at education, prevention, research and comprehensive treatment for breast cancer, ovarian cancer, and other diseases more unique to women.

Ms. OAKAR. I thank the chairman.

Mr. Chairman, I submit the following excerpt from the committee report:

EXCERPT FROM COMMITTEE REPORT

WOMEN'S HEALTH

The Committee is concerned about issues affecting women's health such as increases in common cancers affecting women, particularly the steady increase in the incidence of breast cancer among young women. This trend demonstrates the need for greatly expanded Federal efforts at education, early detection and comprehensive treatment. The Committee is concerned about other forms of cancer, such as ovarian cancer, where improvements in treatment and diagnosis is needed. The Committee believes that direct Federal assistance can help address this looming crisis. Federal resources should be made available to sustain and advance private efforts at education, early detection, research and comprehensive treatment, including support for promising new research efforts, program assistance for education and outreach efforts, and direct funding of costs associated with the development of hospital cancer programs.

The Committee assumes $14.8 million for the Office of Women's Health Research within the National Institutes of Health and $5.2 million for the Office of Women's Health Research within the Alcohol, Drug Abuse and Mental Health Administration. Established in 1990 by NIH, the Office of Women's Health Research is charged with identifying and addressing research needs on women's health. Recent attention has focused on three areas: (1) The lack of women in clinical trials. For example, the widely publicized Physicians Health Study that concludes taking an aspirin a day might reduce the risk of heart disease included 22,071 men and no women; (2) The absence of conclusive research on many diseases or conditions unique to or more prevalent in women. Examples include breast or cervical cancer, menopause, endometriosis, and post-partum depression; and (3) The need for the best possible researchers in senior level positions at NIH and ADAMHA, particularly women researchers, who are underrepresented in these positions.

HEALTH PROFESSIONS EDUCATION AND TRAINING

The Committee anticipates sufficient resources will be allocated for the training of nurses and allied health professionals to begin alleviating the severe shortage of personnel in hospitals and clinics throughout the Nation.

DISCRETIONARY HEALTH TOTALS

The Committee assumes a discretionary funding level of $19.5 billion in budget authority and $18.6 billion in outlays for fiscal year 1992. This total is $1.4 billion in budget authority above the freeze for discretionary health programs.

□ 1720

Ms. OAKAR. Mr. Chairman, I thank the gentleman from California [Mr. PANETTA], the chairman of the Committee on the Budget, and congratulate him again on his budget proposal.

Mr. ARMEY. Mr. Chairman, I yield 7 minutes to the gentleman from California [Mr. COX].

Mr. Chairman, the more one learns about budgeteering at the Federal level, the more one understands that the rules by which we conduct the budget operation, the rules that control the budget process, are extremely critical to the results and the extent to which the results of the budget accrue to the benefit of the American people and the performance of their economy or accrue to the shortsighted, self-serving needs of the Government itself, and we are very pleased to have with us this young Member, the gentleman from California [Mr. COX], who is probably the foremost expert on this process, the systemic area of budgeting.

Mr. COX of California. Mr. Chairman, I thank my colleague, the gentleman from Texas [Mr. ARMEY], both for yielding the time and for those very kind words.

Mr. Chairman, we are discussing our budget and the macroeconomics of it on an interesting date, April 16, one day following the April 15 deadline for each of us to pay his or her income taxes to support this venture. It is also one day after another April 15 deadline, the deadline for completion of our Federal budget process.

This year, in fact, we are coming much closer than usual in meeting that deadline, and in fact I expect that many of our colleagues will be patting each other on the back, and indeed in context we ought to because we are making a better run at it this year than ever before. But the fact is a deadline is a deadline, and any of us who has failed to meet his April 15 deadline for filing his or her income taxes knows that distinction.

Here in the Congress we have a law. It says that the budget is due April 15. We missed our legal deadline. I say, "If you're confused, if you wonder why the April 15 deadline for taxes written into law is a meaningful one and why the April 15 deadline for the budget written into law is not, the distinction lies herein. Breaking April 15 deadlines is best left to trained professionals, those of us here in the U.S. Congress. It should not be tried in your home."

Mr. Chairman, the fact is we are asking an unreasonable amount from Congress to complete the entire budget process by April 15, and in 1991 the adoption of a budget, which is supposed to be a forecasting tool, has come to be nothing more, nor less, than adoption of the entire Federal spending program for the next fiscal year. We should instead be adopting a budget pure and simple leaving the spending decisions until later so that we can focus on macroeconomics.

I am speaking at this time because these 2 hours are devoted to macroeconomics. These 2 hours are devoted to the question: What share of the GNP should be devoted to Federal spending, and I am sure that, if we asked our colleagues in the hallways and in their offices, "What's the answer to that question; what's the optimal share of GNP spending occupied by Federal spending?," we would get a daze, a stare, because people have not focused on the question in that fashion. Our budget process does not drive us to analyze the question in that fashion.

But it is very important because what is at stake is not just the health of the Federal Government, but the economic health of the American people. The interest rates that each of us pays on our home mortgages, the value of our retirement savings, our personal job and career prospects, the taxes we pay, all are dependent upon how in macroeconomic terms this Congress manages our budget.

Mr. Chairman, I wish that we could achieve the objective stated in law, stated in 15 United States Code, section 1022(a), the Humphrey-Hawkins Act, 20 percent of less of GNP will be occupied by Government spending. But of course we have not been meeting that objective.

In 1990 outlays, as a percent of GNP, 23 percent. In 1991 estimated outlays as a percent of GNP, 25 percent. Our deficit, $220 billion in 1990, estimated over $300 billion, significantly so in 1991, and here, with this budget resolution being offered by the majority, we are looking at a $289 billion deficit. Same thing in the President's budget.

Seventeen months in advance we are predicting $289 billion of red ink. Odds are, by the time we get there, it will be much, much higher.

The current process is disorganized and drives us to these results. Until we repair the process, we will continue to see these eleventh-hour continuing resolutions.

We all remember when President Reagan was right here in this Chamber and dropped that big stack of papers called the continuing resolution at the 11th hour in our budget process. This is what he was supposed to sign or veto. Little-known fact was that the President actually sprained his finger as he did so.

We should not be presented, as we were just last fall, with a huge, oversized corrugated box stacked with papers, thousands of pages. None of the Members of the Chamber, having read it, said that it represents the Federal budget. Instead we should have an organized process, and that is why I have introduced a bill, H.R. 298, along with over 130 of my colleagues, Democrats and Republicans, to fix this process.

Mr. Chairman, we want to do a few simple, but basic, reforms. We want a budget first and spending second. We want a simplified budget, 1 page, 19 numbers, that would be a binding law, not the kind of concurrent resolution that we are debating here, which is nonbinding, but a joint resolution signed by the President that brings the President into the process at that macroeconomic level.

Once that budget is in place, then and only then can we consider spending bills in committee or on the floor, and of course that budget will be adopted by a majority.

Once that budget is in place, then we can go about adopting our spending bills in committee and on the floor, but, having adopted the budget by a majority vote, it would take us two-thirds to break it.

So, Mr. Chairman, as a body we could be induced to act more responsibly. Frankly, each of us has incentives operating on him or her to vote for pork barrel legislation in our district, to vote for things that protect us parochially at home, but collectively we have got to find a way to act more responsibly. By building this budget constraint as a real up-front constraint with a majority vote, and then applying a two-thirds vote later on when we get to the individual spending decision to break it, we can have a process that is more responsible collectively than any of us individually is prepared to be because of politics.

Finally, if this Congress by a two-thirds vote were to bust out of that budget, the President would be given not a line item veto, but line item reduction, enhanced rescission authority, to cutback the overbudget spending to the level originally set by Congress itself. No wholesale shift of power from Congress to the White House, but rather the President using a tool to enforce the policy choices made by Congress itself. Line item reduction, a dimmer switch, not a light switch.

☐ 1730

If all fails and the Congress does not live up to even that law which is made more easy for it to follow, there would be operating in the background at all times an automatic continuing resolution to fund the Government automatically at last year's levels so we do not shut down the Government as we did last fall, in fits and starts and in embarrassing fashion. We would stop Budget Act waivers. We would be serious about our budget law. Fifty percent of our rules brought to us by the Rules Committee in the House in the last Congress waived the Budget Act.

These are the kinds of reforms embodied in H.R. 298. I want to congratulate the Speaker, I want to congratulate the chairman of the Budget Committee, and I want to congratulate the chairman of the Rules Committee for devoting these 2 hours to macroeconomic discussion. If we pass H.R. 298 next year, we can have a macroeconomic discussion that actually has some meaning.

The CHAIRMAN pro tempore (Mr. MAZZOLI). The Chair would advise the gentleman from California [Mr. PANETTA] that he has 48 minutes remaining, and the gentleman from Texas [Mr. ARMEY] has 37 minutes remaining.

Mr. PANETTA. Mr. Chairman, I yield 5 minutes to the distinguished gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Chairman, I rise in support of the Democratic budget proposal.

I would like to congratulate and commend the chairman of the Committee on the Budget for bringing forward such a fair-minded budget in a time of such fiscal constraint.

Mr. Chairman, I am concerned about the President's budget because it does not offer the leadership that we are looking for. It is time to recorder our budget priorities to reflect the priorities of the vast majority of Americans—middle-income families, seniors on fixed incomes, and our Nation's children. What these Americans need is commitment to quality health care, a clean environment, and jobs. The Democratic budget provides the leadership that the majority of Americans are looking for.

We must commit ourselves to priorities like health care. The Democratic budget proposal will help seniors by rejecting the $25 billion Medicare cutback proposed by the President, and will maintain Medicare funding at its current level. The Democratic budget will save funding for much needed improvements in our teaching hospitals, which provide essential and otherwise unavailable care for the underprivileged and the very ill. These hospitals would be disproportionately hurt by the administration's budget. We must show that we care about these programs.

We must also show that we care enough to make infant mortality a priority. In the area of infant mortality, the United States has a dismal record, ranking 22d among the world's industrialized nations. In the small city of New Haven, in my district, the infant mortality rate among African Americans averaged over 22 deaths per 1,000 babies from 1984–88—this is a tremendous problem. The Democratic budget cares enough to increase the maternal and child health care block grant. The administration has proposed a cut. The Democratic budget cares enough to increase funding for community and migrant health centers. The administration will freeze funding. The administration would like to fund its infant mortality programs by reducing the vital services that aim to prevent infant mortality, not simply combat its symptoms. Clearly, the Democratic budget is unlike the President's budget in its commitment to treat infant mortality with the seriousness that it deserves.

Another priority must be mass transit and infrastructure. The President's budget does not make a commitment to improve our Nation's crumbling infrastructure. The Democratic budget realizes that infrastructure is critical to both our short-term and our long-term economic future. In the short term, investment in infrastructure will provide jobs in this time of limited economic opportunities. In the long term, a real commitment to public investment in increasing the quality of our infrastructure will impact all aspects of business by decreasing costs and reducing delays that hinder our Nation's ability to compete in the world economy. Our Nation's economic progress during this decade and into the 21st century will depend on how much the Government is willing to invest in public infrastructure.

Mass transit must also be a priority. In the reauthorization of the Surface Transportation Act, the administration showed its unwillingness to make mass transit a priority. Mass transit is necessary to lessen our dependence on oil. It is environmentally friendly, allowing us to reduce pollution in congested urban areas. And it reduces the dependence on our overused highways. The administration's budget freezes Federal mass transit funding, preferring to make it a local issue. Mass transit is not a local issue. It is a national priority. The Democratic budget provides increased funding for mass transit.

I am concerned about the President's budget proposal because it misrepresents the needs of the American people. The numbers that we come up with in this year's budget must reflect our national priorities. The Democratic budget reorders the President's budget to meet the true needs of the majority of Americans, to protect middle-income Americans, seniors, and children, and to strengthen our economy. There is only one way to vote in this debate. We must vote for the Democratic budget, because we must vote for our true priorities.

Mr. ARMEY. Mr. Chairman, I yield 5 minutes to the distinguished ranking Republican of the Committee on Banking, Finance and Urban Affairs, the gentleman from Ohio [Mr. WYLIE].

Mr. WYLIE. I thank the gentleman for yielding this time to me.

One of the most important issues we must decide before voting on a budget resolution for fiscal year 1992 is the stage of the business cycle for the 12-month period for which we are now budgeting. To put it a little more carefully, will the economy be expanding or contracting from October 1991 through September 1992?

In general, it is essential that we as lawmakers do our best to maximize employment and minimize inflation. I have found in my 24 years in the House that economists come and go, but the conflict between maximizing employment and minimizing inflation never fades away.

If we put too much emphasis this year on maximizing employment through make-work government programs, we will surely be back next year with higher inflation, rising interest rates, a weakening dollar and falling exports. As has been said a little earlier, "Government growth is not economic growth."

On the other hand, if we worry too much about reducing the level of inflation this year, then we will be back next year with rising unemployment, an economy in recession, and personal and commercial bankruptcies threatening our way of life.

It is crucial that we do our best to look ahead 6 months from now and determine what the 12 months beginning in October are likely to bring for our economy. That is what this part of our general debate on the Federal budget for next year is supposed to do.

My view and that of those who appear as witnesses before the Joint Economic Committee on which I serve and the Banking Committee is that the economy weakened in the second half of 1990 for a variety of reasons. No one reason was the cause, and that weakness continued during the first quarter of 1991.

We are now in the second quarter of that year and it is my view that the economy is gaining strength and momentum that will continue for the next 18 months if we do not try too much management.

My recommendation is that we stick with the budget summit agreement negotiated in October 1990 and proceed to lower the Federal deficit in accordance with it.

I see no emerging weakness in the economy that would justify any increase in the Federal deficit that would result in the deficits of the magnitude that we experienced for too many years.

Many Members today will undoubtedly place great emphasis on the recent rise in unemployment rates and conclude that economic calamity is just around the corner. Let me say that I am fully aware that the unemployment rate has risen from 5.9 percent of the civilian labor force in the fourth quarter of 1990 to 6.5 percent in the first quarter of 1991. In March the same measure of joblessness reached 6.8 percent. Any amount over 5 percent represents true unemployment and not just frictional unemployment when people change jobs, careers, geographical location, or tell their boss that they do not want their job any more.

What I prefer to emphasize is the remarkable rebound in consumer confidence since the end of hostilities in the Persian Gulf and the subsequent rise in the index of leading economic indicators.

□ 1740

In addition, I am persuaded that monetary policy has become less tight and is now favorable to economic recovery. For example, the lower levels of interest rates that have been achieved over the last 6 months indicate that present monetary policy is facilitating an economic expansion.

Another measure of the stance of monetary policy, the monetary aggregates, M-1, M-2, and M-3, are all rising satisfactorily. Yet another, the monetary base, has expanded twice as rapidly in the last 3 months as in the previous 12 months.

For me, the issue becomes should we continue to tolerate and to vote for Federal deficits at a level of $300 billion per year. The obvious answer is no, when we know that such a policy is inflationary and in an economy already expanding toward full employment, it is likely to be more inflationary.

My answer is that when consumer confidence is high and rising, when the leading economic indicators forecast an expanding economy, and when monetary policy has lowered the cost and increased the availability of money, we should restrain the thrust to the economy from Federal expenditures that rise faster than Federal revenues, that is, from the Federal deficit.

In short, now is the time to reduce the Federal deficit and, at least, stick to the targets for Federal deficit reduction that we agreed to back in August 1990.

Mr. ARMEY. Mr. Chairman, I yield 7 minutes to my good friend, the gentleman from Virginia [Mr. WOLF].

Mr. WOLF. Mr. Chairman, I thank the gentleman from Texas.

Mr. Chairman, we cannot adequately discuss the health of our economy without first addressing the health of the most fundamental unit in our society, its families. The fact is, sometimes up on Capitol Hill you never hear the word "family." Every time there is a tax bill before the Committee on Ways and Means, all the lawyers that gather at the so-called Gucci Gulch outside the Committee on Ways and Means, no one is there to represent the family. Some people are there for tax breaks for corporations, someone is there to help people that have racehorses to write off their racehorses, but no one, no lobbyists, no lawyers, no public interest groups, come out to the Committee on Ways and Means to represent the families.

Mr. Chairman, strong families act as a cornerstone for a strong and healthy society and economy, and we must look to invigorating our families, along with the economy, if we want to set a successful agenda.

Too many families, genuinely trying to do a good job raising children, have been stretched to the breaking point by tax and economic policies that have all but ignored them. They have become America's forgotten families.

The family is under great cultural and fiscal attack today. Nearly every statistic on family well-being, and if you look at all the indicators, teenage suicides, up; teenage pregnancy, up; child abuse, up; and infant mortality, up. All indicators, Mr. Chairman, show that the family is in trouble and under such pressure today, like it has never been in the history of our country.

Yet, while children are more at risk, parents are being pushed by the financial pressures to spend less time with their children.

We have two deficits today. This Congress sometimes talks about the financial deficit, but it also ought to talk about the time deficit. The more time that fathers and mothers have to spend with their children, the better it is. So we have a fiscal deficit, but we also have a time deficit.

Mr. Chairman, I have introduced a bill, H.R. 1277, the Tax Fairness for Families Act of 1991, which will increase the personal exemption from the current $2,050 to $3,500.

The dramatic decline of the personal exemption over the past four decades has disproportionately shifted a greater tax burden to young families with children.

In 1948 a median income family of four had approximately three-quarters of its income shielded from Federal income tax. Today, that percentage has eroded to only one-quarter. From three-quarters to one-quarter.

If the personal exemption were to offset the same percentage of average income as it did in 1948, today it would be worth approximately $7,800. Today, what is it worth? $2,050.

Where have all the groups been, where have all the lobbyists been, where have all the administrations been, to represent the family? The fact is, when Congressmen and Senators leave the Congress, do they go downtown and represent the family? I do not think so. When Cabinet officers and high-ranking officials in all administrations leave the Government, do they go downtown to represent the family? I think not.

Mr. Chairman, I think we need more people, and this Congress ought to be the place to do it, to represent the family.

Mr. Congress, the Tax Fairness for Families Act of 1991 has garnered the support of 59 Members of the House thus far. The bill has been in for about a month. We now have 59 Members of the House who have cosponsored this bill.

Mr. Chairman, we have a wide ideological spectrum, from the gentleman from Georgia [Mr. GINGRICH] on the Republican side, to the gentlewoman from Colorado [Mrs. SCHROEDER] on the Democrat side. I want to thank the gentlewoman form Colorado [Mrs. SCHROEDER] for holding hearings in her capacity as chairman of the Select Committee on Children, Youth, and Families yesterday. This has brought together all the diverse groups in this country, from the Heritage Foundation, the Family Research Council, the Progressive Policy Institute—they all came together—to basically call for an increase in the dependent deduction for children, in recognition of the principle that a healthy economy is fueled by healthy families.

Mr. Chairman, I am encouraged that this broad new consensus will provide a healthy dose of common sense to future family economy policy, and mark the beginning of a bipartisan effort to truly focus on the economic health of families as part of our overall economic picture.

Reinvesting in American families, particularly today's hard-pressed middle-class families, should be one of the first items on the agenda for boosting the economy. Too often we hear about how the workers of the future will not be able to adequately provide for our future economic needs because of their lack of skills, knowledge, education, and discipline. If we allow our families more time and resources to do the job that only they can do in properly raising their families, then our future economy will benefit.

Mr. Chairman, when our families are better able to provide for themselves and function adequately, we will be producing more productive citizens, who will then in turn aid in improving our Nation's economic future.

Mr. Chairman, this is a very simple bill. This does not require a new Government program. GSA does not have to acquire a new Federal building to house the program in. We do not need more employees to come and regulate it. We do not even need more regulations. All we have to do is change the Tax Code figure of $2,050 to $3,500.

Mr. Chairman, we can solve it. It will give more money to moms and dads throughout this country, to have their own to do with as they see fit, to educate their children, for health care, for housing, and things like that.

Mr. Chairman, it is important that parents be given this opportunity so they can spend more time with their children. I have heard people say when they are talking about their children it is not the quantity of time that counts, it is the quality of time. Well, it is not only the quality of time, it is the quantity of time. If there is not quantity, there is not going to be quality. When you have children, values are not only taught to your children, they are caught by your children. As you act, they see how you act. All the surveys show that mothers and fathers want to spend more time with their children. By increasing the personal exemption from $2,050 up to $3,500, in a board bipartisan way, we can make a tremendous difference in alleviating the financial burden that currently is on families.

Mr. Chairman, this is something that Republicans and Democrats can come together in a bipartisan basis and do. I want to thank the gentleman from Texas [Mr. ARMEY] for this opportunity, and would hope that all Members watching this would call my office tomorrow and say they would love to cosponsor this. We have 59, and they would love to be the 60th cosponsor of the bill, so we can pass this legislation and relieve the burden on the families in this country.

Mr. PANETTA. Mr. Chairman, I yield 4 minutes to the gentlewoman from California [Ms. WATERS].

□ 1750

Ms. WATERS. Mr. Chairman, I would like to begin by expressing my appreciation for the work of the chairman of the Budget Committee, LEON PANETTA. His job is a difficult one. He deserves credit for trying to work within the confining guidelines of last year's budget agreement. Nonetheless, despite his efforts and the efforts of other Members, this budget is far from what is necessary to meet the challenges we face.

I come to the well from a different perspective than most Members. This is my first term in Congress. This is my first budget debate. Frankly, Mr. Chairman, I am greatly disturbed by the narrow range of proposals we are being offered today.

We are told we must abide by last year's budget ceilings. This rings hollow to me. We have very real problems in this country that require our attention, and our resources. We are in a recession. People are unemployed, homeless, unhealthy, and undereducated. How do we determine that we cannot afford to help these people.

How is it Mr. Chairman, that the WIC Program, a program everyone knows is effective, only serves 59 percent of the eligible population? None of the alternatives I have seen fully funds WIC. Why can we not vote to fully fund the WIC Program?

How is it, Mr. Chairman, that 37 million people in this country do not have health insurance? Medicaid covers less than half of America's poor pregnant women. None of the alternatives funds Medicaid at levels to cover all poor families. Why can we not vote to fully fund Medicaid?

Our veterans care system is a disgrace. People are dying due to inadequate medical care. Yet, the proposals before only begin to address the problem. Why can we not vote to fund all the medical needs of the people who have given the hearts, souls, and bodies in service to this country? Is that too much to ask?

We are in a recession. Unemployment is nearly 7 percent, the highest in years. Yet there is no comprehensive jobs program in any budget before us. Further, only about one-third of the unemployed are covered by unemployment insurance. That is, two-thirds of the people qualified to receive compensation do not. Why can't we vote to fund unemployment compensation so all those qualified receive assistance.

Head Start, Mr. Chairman. Head Start reaches one in five of the eligible participants. Both budgets increase funds for Head Start, but I do not hear anyone talking about fully funding the program.

Mr. Chairman, the budget is more than numbers or targets. These funding decisions have an impact on the lives of millions of Americans. People who do not receive WIC, Head Start, job training, and health care suffer. We cannot continue to talk about the problems of the poor without funding the programs we know could help them.

I am disappointed that there are no options that seriously address the domestic problems of this nation. I appreciate that the Budget Committee has improved upon the budget offered by President Bush. But, no matter what the outcome of this debate, we will not do what we know needs to be done.

Last, Mr. Chairman, we are told that we must abide by last year's budget agreement because we have to reduce the deficit. Yet, the two primary sources of the problem—the massive military budget increases, and tax cuts for the wealthy—cannot be corrected. Taxes are fixed and military spending will only be reduced by increments according to the agreement.

I hope we can do better in the future. We must do better. The health, the shelter, indeed the very lives of our people depend upon it.

Mr. HAMILTON. Mr. Chairman, I am pleased, as the vice chairman of the Joint Economic Committee, to take advantage of the Humphrey-Hawkins portion of this budget debate to discuss our economic goals and policies.

THE STATE OF THE ECONOMY

The American economy went into recession in the middle of 1990. The consensus among economic forecasters was that this recession would be short and shallow compared to the postwar average. But the Joint Economic Committee's review of the available data indicates that this recession so far is right on track with the average of the postwar recessions.

Conservatively dating the recession from August—some economists would start it from June—the economy has now been declining for 7 months. In those 7 months the monthly survey of businesses reports that payroll employment has fallen 1.2 percent, exactly the same decline as occurred during the first 7 months of the average postwar recession. So far in the current recession, 1.3 million payroll jobs have been lost.

This recession is every bit as serious as those of the past in terms of the number of workers who lost their jobs. The fraction of the labor force who lost their jobs, has risen from 2.8 percent in August to 3.8 percent today, a 1-percentage point increase, compared to an increase of 0.9-percentage points in the average postwar recession.

THE CASE FOR CONCERN ABOUT THE LENGTH AND DEPTH OF THE RECESSION

The recession was probably inevitable by the middle of 1990, given weakness in the economy and tightness by the Federal Reserve. The gulf crisis probably made the recession worse, by raising oil prices and hurting consumer confidence. But the situation in the gulf was not the principal cause of the recession and the end of the war did not end the recession.

The conventional wisdom believes the recession will end soon, for a number of reasons:

There has been no great buildup of inventories to cause further cuts in manufacturing output and employment;

The Federal Reserve has been reducing interest rates;

Inflationary pressures have been coming down and oil prices have been falling;

Although the dollar has recently rebounded in value, it still seems to favor U.S. exports.

But those responsible for economic policy need to weigh carefully the risks in the economic outlook. There are a number of factors that may make this recession more serious than many had expected:

First, there are long-term structural problems that have weakened our economy, including the rise in household and business debt during the last decade, the stagnation of productivity and compensation that has kept wages from growing throughout the 1970's and 1980's, and the growing inequality in the distribution of income.

Second, consumer spending does not seem to be reviving as forecast. Optimists put much of their faith in a rebound in consumer confidence following the end of the war in the Persian Gulf. The war is over and consumer confidence has risen, but there has been little of the projected rebound in consumer spending, in retail sales, in home sales, or in auto sales. The automakers, in fact, will cut production in the second quarter to the lowest level in more than 30 years.

Third, events in the rest of the world may keep exports from growing as much as forecasters had hoped. The decline in the dollar last year will help U.S. exports by making them less expensive abroad. But many of our major trading partners are experiencing recessions of their own and others are facing weaker growth. Without strong growth abroad to create markets for U.S. exports, export growth this year may be disappointing.

Finally, the banking crisis is reducing the availability of credit for both households and businesses. Many banks are having to restrict credit growth in order to rebuild their capital at the same time as many of their assets, particularly junk bonds and real estate loans, are declining in value. The resulting credit squeeze may hold down household spending and business investment for some time to come.

This unique combination of economic forces creates risks that the recession will be longer and deeper than is anticipated by the current consensus of economists. The historical record shows that economic forecasters are invariably optimists about how soon recessions will end. For example, during the recession that lasted from July 1981–November 1982, the blue chip Consensus forecast month after month consistently predicted a shorter and shallower recession than actually occurred. We should not be complacent about the need to get the economy moving again.

THE ROLE OF MONETARY POLICY

It now appears that the Federal Reserve has the latitude to use monetary policy—easing credit and lowering interest rates—to get us out of the recession. Oil prices have been retreating, the dollar has stabilized on international markets, and at least short-term interest rates are falling with the Federal funds rate as the Fed eases.

The Fed is concerned about both the recession and inflation. The inflation numbers issued last week for March came in quite low. The general surge in prices due to the spike in oil prices seems to have abated. The drop in inflation that typically occurs with recession seems to be taking hold.

With inflationary pressures abating, the Federal Reserve should put more emphasis on ending the recession. This opinion was shared by the private-sector forecasters who appeared before the Joint Economic Committee recently to discuss the near-term outlook. None argued that inflation was likely to be a serious problem, and several argued that inflationary pressures would abate quickly.

THE ROLE OF FISCAL POLICY

Fiscal policy also must play an important role in assisting the recovery and providing the groundwork for long-term growth in the economy.

Currently, there are three basic tasks facing fiscal policy: First, we must deal with the human consequences of the current recession. Second, we must demonstrate a continued commitment to deficit reduction, in order to give the Federal Reserve the room it needs to continue reducing interest rates. Finally, we must use the budget to strengthen the foundations for economic growth so that the recovery will be strong and long lasting.

HUMAN COSTS

We need to help the millions of workers losing jobs in the current recession. The recent figures on job loss demonstrate that this is a serious recession, not a minor blip as some have argued.

The current budget resolution notes several areas in which new initiatives might be possible to ease the human costs of the recession. But specific program changes are the responsibility of the authorizing and appropriating committees rather than the Budget Committee.

From an economic point of view, the most essential response to the human needs created by the recession is an adequate system of unemployment compensation. Unfortunately, the unemployment insurance (UI) system is not performing its stabilization role as well during this recession as it should. As a result of several changes, unemployment insurance is replacing workers' lost income only half to two-thirds as well as it did in past recessions. Moreover, the UI trust funds for extended benefits will run a large surplus this year, at a time when it is appropriate to spend for extended benefits.

We can address the underlying costs of the recession without compromising the long-term discipline of the budget agreement. For example, the amounts already appropriated to meet the additional administrative costs of the unemployment insurance system were appropriately designated as emergency outlays that do not get built into the long-term deficit.

The "emergency" designation under the Budget Enforcement Act can be used to meet urgent human needs, diplomatic crises, and financial disruptions while we continue to reduce the underlying deficit. The criteria must be both the genuine urgency of the need and the temporary nature of the added deficit spending.

CONTINUED FISCAL DISCIPLINE

The proposed budget resolution is consistent with last year's deficit reduction agreement. It is important for the Congress to uphold the discipline of that agreement. Although the total deficit is projected to soar to $300 billion this year and to edge down only a bit in fiscal year 1992, most of this is due to temporary factors—the recession and deposit insurance. The underlying "structural" deficit, estimated at $149 billion in fiscal year 1990, declines to $130 billion in fiscal year 1991 and, under the resolution, is about flat at that level in fiscal year 1992.

We must recognize that big as currently projected budget deficits are, now is not the time to attempt to reduced the structural deficit further than we did in last year's budget agreement. That time will come.

Tough choices have been made to tighten our belt. The budget resolution cuts spending across the board in a variety of programs and Federal departments, including the executive branch and the Congress; it makes specific cuts in programs that have low priorities.

With budget discipline in place in this first budget resolution under the new deficit reduction agreement, the Federal Reserve should have ample room to pull short-term interest rates down further. And financial markets should be reassured, permitting longer term interest rates to decline.

LAYING THE FOUNDATIONS FOR LONG-TERM GROWTH

The third major task of fiscal policy is to take steps to ensure that we have strong growth after the recession ends rather than the stagnation we had before it began.

One of the most important things we can do to increase growth is to increase our national saving so that we can invest without dependence on foreign creditors.

In addition, we should make room in the budget for Federal investment programs that contribute to productivity and economic and health and nutrition initiatives. In the budget struggles of the 1980's, we cut new investment and deferred maintenance in search of quick savings. We cannot continue that strategy in the face of intense international competition.

This budget resolution recognizes the importance of a sound and prudent budget for promoting long-term growth with fairness to all Americans.

First, of course, it adheres to the 5-year budget agreement developed by the Congress and the President last year. By steadily reducing the structural deficit it reduces Government's drain on national saving. This will allow the Federal Reserve to let interest rates come down and it will reduce our dependence on foreign borrowing to finance our investment.

Second, within the constraints of the budget agreement, it reorders priorities toward long-term growth and fairness. It makes prudent investments in programs that provide a high return in the future, including education, children's health and nutrition, economic competitiveness, and energy security. It rejects unfair cuts in benefit programs as well as the capital gains tax cut that favors wealthy Americans.

Mrs. KENNELLY. Mr. Chairman, I rise today in support of the budget resolution.

I want to thank Chairman PANETTA and the committee for making infant mortality a priority in this budget. My hometown of Hartford, CT has areas with infant mortality approaching that of the Third World. The administration tried to say that infant mortality was a priority, but its approach was all sound and fury and no substance. Rather, it relied on gutting proven programs, the child and maternal block grant and community and migrant health centers to fund the new initiative.

The Appropriations Committee, in the Supplemental Appropriation for fiscal 1991, wisely rejected that approach. I am equally pleased that the Budget Committee has chosen to do the same. Not only does this budget reject raiding current programs that work to fund a new approach, it contains $149 million in new money targeted specifically to the child and maternally block grant and community and migrant health centers. These programs are proven; they work. If they are adequately funded, they can be far more effective than an underfunded block grant.

This approach makes far more sense than the administration's and I urge my colleagues to support the resolution.

Mr. MINETA. Mr. Chairman, I rise in support of the 1992 budget resolution. I applaud the Chair of the Budget Committee, my fine colleague from California, Mr. PANETTA, for his leadership and commitment to this process.

The Budget Committee proposal makes reasonable increases over the transportation budget offered by the Bush administration. President Bush says that ours is a new world order. However, his proposal would underfund transportation improvements around the country, as has been done in the past. This could mean economic suicide in the future because a new world order increasingly values the ability to compete and quality of life above all else.

The President has proposed to make it tougher for States and localities to get transportation funding assistance from the Federal Government. To me, that makes no sense—especially when many States have done their share and raised gas taxes. The Federal Government cannot be allowed to dodge its responsibility.

I urge my colleagues to support this budget resolution. We must not fall into the trap being set by the 1992 White House budget which continues to slice and dice transportation programs by shifting more responsibilities to the States without supplying the funding that's long past due from the Federal Government. Such a tight-fisted, short-sighted view toward transportation hurts everyone—but especially those cities, counties, and States that do not have adequate local resources to fill in the funding gaps.

I am all too aware of the budgetary restrictions the Congress and the Nation are facing. My only regret regarding the transportation budget is that it does not go far enough in meeting our Nation's desperately needed improvements.

Every State in the country has tremendous highway and mass transit needs. But if our transportation network is to improve our economy, our quality of life, and our safety, then our roads and bridges and buses and rail systems must not be shortchanged.

It is vital that the Congress affirm their commitment to mass transit nationwide. Important Federal mandates, such as the Americans With Disabilities Act and the Clean Air Act, only serve to further intensify the need for adequate Federal funding.

I, for one, will continue to work to have the Federal Highway Trust Fund spent for its intended purpose: getting this country moving again. This budget puts us on the right track. I urge my colleagues to support it.

Mr. BROWN. Mr. Chairman, I rise to offer a few remarks on House Concurrent Resolution 121, the budget resolution for fiscal year 1992. First, I want to thank Chairman PANETTA and the entire Budget Committee for the work that went into this resolution. I frankly do not know how any of you had the energy to undertake this process again, after your experience from last year.

I recognize the difficult task that faces the Budget Committee each year, as it has to compare unrelated programs and make basic decisions about funding priorities. How do you compare the importance of a drug treatment program to a veterans program or to research on solar energy? Yet each year we have to go through this process in order to provide guidance for the authorizing and appropriating committees of Congress. It is not easy to do this comparative assessment for programs within a single committee's jurisdiction or even for programs within a single agency.

Given the inexact nature of this process, it is natural that there is some difference of opinion about the priorities reflected in the resolution before us today. I would like to take a moment to detail some of my differences with the funding allocations proposed.

First, the programs under the jurisdiction of the House Science, Space, and Technology Committee were treated well in the President's budget request, so I am in the enviable position of having to advocate holding the requested funding levels for these programs. Of the available funds in the civilian discretionary category, nearly one-half of the proposed increase was in programs under our committee's jurisdiction, representing an average 13.4-percent increase over fiscal year 1991 appropriated levels for those programs.

But there is good reason for those increases, reasons outlined in the President's budget document, in various reviews of science and technology funding, and in the committee's views and estimates submitted to the Budget Committee. These programs at the National Science Foundation [NSF], the National Aeronautics and Space Administration [NASA], the Department of Energy [DOE], the Department of Commerce [DOC], and elsewhere in the Federal Government, represent the future growth and prosperity of our country. Our ability to compete internationally is dependent upon these programs. They are vitally important but they do not have the immediate need of a drug treatment program or housing assistance. Therefore, when we make comparisons of our priority funding needs, these science and technology programs frequently come under attack.

This is not a pleasant situation, for me especially.

I strongly support antidrug efforts, housing assistance, and a host of other needed programs. But I also feel strongly that we must support the needs of tomorrow while we try to deal with today's problems.

The need to continue to keep a longer term focus is apparent to our international competitors. Japan and West Germany both support nondefense research and development [R&D] at a rate above 2.5 percent of their gross national product [GNP], a rate that has increased over the last decade. The United States supports civilian R&D at a rate of about 1.75 percent of our GNP, a rate which has been flat to declining over the last decade. If we are to compete in the future, we need to at least match our competitors.

Expressed as a percentage of total Federal discretionary spending, total civilian R&D has declined from a high of 25 percent in the 1960's to about 13 percent in recent years. What does this say about our investment in our country's future? Whether our children's future lies in assembling some high technology components made far from our shores, or instead in making the scientific breakthroughs that lead to a new technological application, depends in no small part to the decisions we are making today to improve America's scientific and technical capacity.

I appreciate that the Budget Committee held the NSF funding at the President's level, a healthy increase and one which continues to put us on course to correcting the shortfalls of the past decade. I also appreaciate the attention paid to R&D work at DOE on energy conservation, solar, and alternative sources of energy, which received significant increases.

However, there are decreases as well in this proposal which I cannot support. The DOE general science account was cut from the President's submission by about $80 million, with decreases in the superconducting super collider and at the Fermi Laboratory. The NASA funding request was cut by nearly $1.2 billion from the President's request, the largest cut of any program under our jurisdiction. The funding level proposed by the Budget Committee for NASA represents a fiscal year 1992 baseline freeze.

We evaluated these NASA programs in the recently completed subcommittee markup of the NASA authorization bill, and made decreases to the NASA programs of nearly $500 million. We felt that NASA programs could be reduced, given the uncertainties associated with the ability to use all of the funding proposed by the President. However, we feel that this is a bare-bones budget and cannot support further decreases, certainly not decreases on the order of the Budget Committee's recommendations.

I hope that my colleagues on the Budget Committee realize that I am sympathetic with the pressures being placed upon them. It is my job to argue, as I have with Mr. PANETTA and others on the committee, that these programs are high priority programs which deserve the attention provided them in the President's budget submission. I will argue for support of science and technology funding today, during consideration of authorization bills coming from the House Science, Space, and Technology Committee, during consideration of appropriations bills, and throughout the year. I hope that in the next budget resolution I will have argued hard enough that next year we do not have to object to the cuts made by the Budget Committee.

Mr. GILMAN. Mr. Chairman, I take this opportunity to rise as the ranking minority member of the House Post Office and Civil Service Committee and join my chairman, Congressman BILL CLAY, in alerting our colleagues to the potential problems awaiting our many fine nonprofit organizations should we accept this reduction in the revenue forgone subsidy to the U.S. Postal Service.

Neither the administration's request nor this resolution is sufficient to maintain the equitable relationship that exists between the nonprofit organizations and the U.S. Postal Service. Without fully authorizing the appropriation, we jeopardize the very existence of many of these fine groups. I am very disappointed in the resolution before us and how it would treat these groups that, in many cases, are the backbone of the volunteer movement in America.

This appropriation operates very simply. If it is not fully funded then the postage rates paid by nonprofit organizations, such as churches, veterans groups, St. Jude's Children's Research Hospital, and the March of Dimes, as well as many newspapers, educational institutions, and libraries, will be increased by the Postal Service immediately upon the shortfall in expenses.

Under this resolution the rate of many of our small newspapers would be increased by 15 percent; letters from nonprofit organizations are increased by as much as 31 percent and classroom publications would be increased by 13 percent. I remind my colleagues that these increases would come on top of the postal rate increase these same organizations just had to absorb with the rest of the mailing public when the Postal Service approved its recent general rate increase this past February.

My colleagues, this type of abrupt change in rates, brought about by a whim to save a few dollars, is not fair to the users and beneficiaries of this appropriation. It cannot be budgeted—because the organizations involved have no way of knowing just how much we are going to finally appropriate and I can assure you that it will cost our society as a whole much more to lose the many services of these organizations than will be saved today in this resolution.

I am heartened by the remarks of my chairman, Mr. CLAY, and the assurances that he has received on this matter from the gentleman from California, the chairman of the Budget Committee [Mr. PANETTA], and I look forward to working with them both to reach a solution to this situation.

Mr. OWENS of New York. Mr. Chairman, I am pleased that the Budget Committee has seen fit to reject once again the administration's attempts to cut the education programs on which so many students at all levels rely. Year after year both the Reagan administration and the Bush administration have been presenting to this Congress budgets which cut and eliminate many valuable education programs. Once again this body must literally come to the rescue of thousands of students to preserve the programs which give elementary and secondary students a better quality education and postsecondary students access to higher education.

Included in these programs in recent years are piecemeal attempts to reform an educational system which has been falling farther and farther behind our contemporary nations in the Western World. While it is laudable that these reform efforts are finally gaining increased attention, the manner in which they are being pursued is not at all laudable. The current piecemeal approach to educational reform is doomed to failure.

In order to achieve broad-based improvements in American education we must launch an all-out effort equivalent to fighting and winning a major war. The tools of this war will be programs that have proven their effectiveness at combating the problems encountered in and by our educational system. We need to begin the process of building our knowledge of what works in education through educational research. And then we must adopt from Operation Desert Storm the concept of utilizing overwhelming force to win our war against educational inadequacy. This force must come in the form of vastly increased educational research to identify the methods to be used and sufficient funding to launch those methods on a massive scale.

In the future we must devote at least 1 percent of the total educational budget to this massive education research project. To this end, in this budget for fiscal year 1992 1 percent of the total increase in Function 500 should be targeted to begin this research initiative. These funds should be utilized for an emergency research and development program to be authorized for implementation by the Office of Educational Research and Improvement to be used to develop an interactive education extension program and to establish an Institution for the Education of At-risk Students. Such an institution would address problems specific to disadvantaged and at-risk youth such as dropout prevention, youth violence prevention, the extreme alienation of minority male students, the disproportionate representation of poor males in special education programs, alternative schools for pregnant teenagers, training for the mothers of preschool children, innovative programs to overcome the educational isolation of students in rural areas, innovative programs for bilingual education, and the improvement of the capability of the schools within the Nation's 50 poorest congressional districts to realize the six national education goals of the President and the Governors. If the problems faced by at-risk students can be solved, the applications of those solutions could be used elsewhere.

Our national education effort is a conglomerate, one made up of many systems. All of these diverse parts would benefit greatly from a comprehensive national educational improvement strategy. The piecemeal network of programs we are haphazardly molding together and haphazardly funding will not solve our problems.

Federally sponsored research and development must provide the foundation for more effective educational environments for our young people. The Federal Government must do what no other parts of government can do alone. It must set forth a comprehensive strategy for improving education in America based on the results of this research. And the Government must accept direct responsibility for financing and implementing the components of such a comprehensive strategy. If our "Education President" fails to champion such an initiative, then the Congress must take up his slack.

Mr. Chairman, the Nation's political leaders must be prepared to commit the funds and the political will necessary for the drastic overhaul of Federal educational research, development and dissemination. Otherwise all the statements in support of educational excellence are hollow and dangerously irresponsible.

Mr. ARMEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, during this discussion on the policy implications of the budget, I have tried to make the argument that we ought to evaluate alternative budget proposals by virtue of an examination of the potential impact they may make on the economic health of the country. That is to say, the Federal Government ought to work for the American people, it ought not to work for itself, and we have a dilemma. I am going to suggest that despite the fact that as recently as 1978 and 1979 the Congress of the United States adopted legislative revisions of the 1946 Employment Act that renewed its commitment to the objective of fiscal policy, taxing, spending, and borrowing by the Federal Government to serve the policy objectives of the Federal Government by virtue of trying to achieve a 4-percent unemployment rate and no more than a 3-percent rate of inflation, and to hold the percentage of our GNP taken by the Federal Government to 20 percent or less, that we have had miserable failings in doing so, some years worse than others. Some recent experience has been good, but today there is some serious backsliding, and within this context we have found that Congress has found itself adopting a mindset that says we are so overwhelmed by our own problems of the massive deficit that we can no longer allow ourselves to evaluate budgetary alternatives in terms of the impact on the Nation. But we are really forced, we are painted in the corner of having the requirement of being obsessively concerned with what does it do for us and our problem, this horrible deficit.

Let me just reflect for a moment on the suggestion that the gentleman from Virginia [Mr. WOLF] just recommended. He has suggested that we ought to inflation adjust the personal exemption in the income tax code to give it the same buying power it had when it was first put in the code. Anybody today knows that raising children is a costly business and that we have far lagged behind the real cost to the family of raising children in giving this personal exemption, and we have tried on other occasions to try to increase the personal exemption and we have had some modest success.

But what is the problem? Why do we run into it? Let us understand what that suggestion is. If we leave more after-tax income in the hands of parents, they can better judge how to spend that money on behalf of their children than can people in Washington judge how to spend money on behalf of those same children with the instituting of programs designed and run from Washington, DC. Very simple question: Do we have more faith in the parents of this Nation to spend their own earned money on behalf of their children effectively in the best interest of those children, or do we have more faith in people in Washington to define and to administer programs on behalf of children in the absence of the ability of the parents to afford what their children need because they are so beleaguered by excessive taxation?

As we examine this policy option here, the routine thing we would do would be to have the option scored and essentially what we would do is we would ask either the Joint Tax Committee staff or the Congressional Budget Office to examine this potential change in the tax law and tell us what will be its impact. Would they look at the impact on the family? No. Would they look at the impact on the economy? No. They would look at the impact on the Treasury, and they would do so in what I might say is a very dumb way, the same dumb way they evaluate preferential capital gains reductions, FICA tax or any other change in the Tax Code, by presuming that there will be no behavioral response to that change by the citizens of this country.

Assuming then in the words of the academic classroom, ceteris paribus, all other things constant, no change, no reaction, no response, they would then evaluate this change in the tax law, and what would they conclude? The Treasury loses money. Then they would say we cannot afford to give this greater take-home pay to mothers and fathers to spend by themselves with their own freedom and discretion and parental responsibility on behalf of their children because we would lose revenue to the United States, the Federal Government.

□ 1800

It does not serve us, so it is not good policy; never mind what it does for the family, for the rights of the parents or for the immediate well-being of the children. These are not policy options we think we can afford when we are being strangled by our own red ink.

Let me take a look at this. I believe that if we are going to understand our dilemma, and believe you me, we are more to be pitied than censured, it is not that we are as individuals irresponsible, mean spirited, selfish, self-serving, greedy. That is not the case. We are, indeed, an honorable group of people, and we are a sane group of people, but let me remind you of ARMEY's axiom, even a sane person will act insane within an insane circumstance. The insane circumstance is this red ink that is drowning us, and it makes us systematically aberrant, where more important objectives of public policy, health, safety, freedom, creativity of children are brushed aside while we make our numbers come out so we can solve our problem.

If we are going to understand that, let us back up to the 1960's. That is when we went wrong.

I am a Texan, and I am proud of it. You know, we always say down in Texas that we are from Texas, and we do not polish our boots very often, but we never polish anybody's else's.

But I have to tell the Members that I believe that the Texan Lyndon Johnson is the cause of our problems. Lyndon Johnson is where we looked for the birth of aberrance in public policymaking with his Great Society program, dreaming his dreams, starting with the presumption that the Government can do more for the people than the people can do for themselves, so all we need is programs, programs, and programs expanding on the concept of entitlements.

Take a look at what has happened since the 1960's since the Great Society. We have had this consistent, constant surge in Federal Government spending. Virtually all the increase in spending in the Federal Government since the early 1960's is in mandatory spending programs, entitlements, Lyndon Johnson's Great Society programs. Today these entitlement programs make up 52 percent of the Federal budget, something over $750 billion, and I do not know how much less or more, but something in that neighborhood.

Incidentally, if you add to those mandatory entitlement spending programs the mandatory spending on the national debt's interest, it comes to almost three-fourths of the entire budget, so those of us trying to wrestle with the problem of how to balance the budget, we get stuck with trying to tinker around with 25 percent of the budget, discretionary spending which includes all of defense spending.

One interesting fact, I would argue that unless we can get a grasp on entitlement reform, we will never balance budgets. One out of every seven of these entitlement dollars, $750 billion-plus of our tax dollars, only one out of every seven of those dollars finds its way in the hands in the households to the direct service of the needs of people who are officially designated by this Government as poverty people, poverty level of income. Out of every $7, $6 go to people who are at or above the poverty level of income, and you are going to tell me there is no room for entitlement reform in this budgetary process. There must be room or we will never solve the problem.

Notice, also, tax receipts have remained relatively constant. In good times, they have tended to go up, and in bad times they have tended to fall, but they have remained relatively constant. There has been a secular trend to grow, but to grow gradually.

The problem is we have not decreased taxes on the American people. The problem is we have our automatic-pilot spending out of control, entitlement spending growing at such a rate that tax revenues, no matter how fast the economy grows, even after 90 months of uninterrupted growth, cannot maintain the pace, and the result is the deficit gets larger and larger and more and more chokes off our options for public policy.

That, of course, brought us to the days of national malaise. Jimmy Carter is not to be blamed for that. I think there has probably been no President in my lifetime who has been more the victim of circumstances than President Jimmy Carter. I understand that he was fundamentally without virtue because he was from the wrong party, but granting that, he is a man who is, indeed, more to be pitied than censured, because the circumstances strangled Jimmy Carter, the circumstances of national malaise.

When Lyndon Johnson gave his famous guns-and-butter speech and said, "We can have it all. We do not need to raise taxes, and we can still wage the war on poverty and we can still wage the war in Vietnam and we can still create new and more life-sustaining, self-sustaining entitlement programs with built-in growth, growth factors that seem to go on forever," we created something called stagflation.

Now, I understand the academic community, the economists John Maynard Keynes, even John Kenneth Galbraith, the great guru of the left who is probably the most dangerous man alive in this country in my lifetime, could not even explain that this was possible. They did not know how to design policies for it.

We had all kinds of problems. So the frustration mounted, and in 1978 said that if this public policy is to serve the needs of the American economy and, therefore, the needs of the American people, we must articulate in exact numerical terms the objectives of this policy, 4-percent unemployment 3-percent inflation, Federal spending no more than, hopefully less than 20 percent of GNP, and we had very little success until 1984.

We had at that time created, you may recall, the misery index which got as high as 20 percent, a combination of inflation and unemployment.

The fact is nobody knew how to deal with this problem called stagflation except Ronald Reagan with the much maligned Reaganomics, and he recognized that when you are being bitten by two hounds, one called inflation, one called recession, unemployment, that you have got to get rid of one before you can deal with the other.

Some things have to come before others. So, yes, he aggravated the recession aspects in the early years of his Presidency with an extraordinarily tight monetary policy that finally choked out the inflation, and after he choked off the inflation, then he could approach expansionary fiscal policy, something like we had done in the past, but Ronald Reagan did not do it like Lyndon Johnson did it.

Instead of saying, "We have got to have more public spending programs where we take the people's money and spend it on their behalf," he said, "We have got to cut taxes, leave more money in the hands of entrepreneurially talented, creative, ambitious, hardworking American citizens, and they will work themselves out of this recession. They will be creative in capital formation and jobs creation," and we did it as a nation of people given more freedom because the Government got out of our way by reducing taxes.

I am here to tell the Members that I do not care who tells you on the contrary, and I will give you chapter and verse if you like, the 1980's were a great success under Reaganomics. There was no deindustrialization of America. That is a myth. The rich did not get richer while the poor got poorer. That is a myth. There was no increasing inequity in income distribution. We all got a larger share of growing pie during those years.

After 90 months, it settled out, and now we find ourselves with a budget-summit deal that, again, was built around our problem of our deficit, and a budget-summit deal that was made by and large, and necessarily so, because our own problems were so great, in disregard to what can this budget do for the American people and this country. It was a bad summit deal. I worked against it. I opposed it. But it did, in fact, get accepted.

Within the context of that, we are now being asked to look at three budget proposals for the fiscal year 1992 with the requirement that they conform to the budget summit. I am going to suggest to the Members that the first, best of those proposals, comprehensive in its thinking and addressing all dimensions of our problems, entitlement reform as a necessary display of courage and creativity by Congress, and it must begin with Congress, dealing with this exorbitant interest on the national debt which takes up about a fourth of our budget and leaving some incentives or at least minimizing the Federal Government's disincentives to the American people while cutting spending is the Dannemeyer alternative.

□ 1810

However, it will not be very well entertained here because of the gold bond feature by which he tries to attack. That is a shame.

Next is the Kasich alternative. Then, of course, the great clash of the Titans, the Democratic majority's proposal offered in juxtaposition. Let Members look at these two, because they reflect the difference in philosophy. The President has suggested that I will try to meet the mandates of the 1978–79 revision in the Employment Act of 1946, by one, focusing his attention on reductions and reforms in spending, taking for the basis of the budgetary preparation the Office of Management and Budget economic assumptions about the performance of the economy, that by comparison to the CBO assumptions that govern the Democratic majority's budget can be said to be a worse case scenario. In other words, if we are in hard times and we look at what is going to be the conditions that govern our spending and our receipts, we plan for the worst of conditions, and to a greater extent, that is what the President did with the OMB assumptions.

In that case, he tried to project a budget that would meet that, making the hard choices, to make the hard cuts, and even suggesting the real entitlement reforms that make it possible to meet the mandates of the last year's summit deal.

He also did something else. He said that we ought to retain those last vestiges of minimal disincentives to the Tax Code heaped upon the American taxpayers through tax incentives, the tax extenders provisions. The President said to keep faith in the people and their creative ability. He said to continue to give tax concessions, and I also love this, I love the pretension that we in the Government by our largesse in taking less of their money are going to give citizens an incentive. I have to tell Members, ladies and gentleman, the Government cannot give me incentive. I have a wife, and a mortgage, and 5 children. That gives me incentive. What the Government can do is get out of my way, and do not pick my pocket every time I turn around. Do not give me disincentive by taking away what meager earnings I might make for my children. Do not squash my willingness to be creative by imposing such taxes on me that even if it is possible to sell it for a profit, I would lose that profit to the Government, and therefore it is not worth inventing.

So the President says we have some vestiges, then, of disincentive minimal taxes Tax Code.

Mr. ARMEY. Let me run through them quickly. I know I am using more time than I suggested, and the gentleman from California [Mr. PANETTA] is being patient.

We would leave tax concessions in for the people of this country to conduct commercial research and development, to purchase low income housing for themselves, to encourage low income mortgages, to help employers provide educational assistance to workers, help small business cover employees for health insurance, promote the development of orphan drugs, and to provide credit hiring disadvantaged. What happens when the Democrat majority of the Committee on the Budget asked their trusted scoring organization, the Congressional Budget Office, even within the context of your Congressional Budget Office, wrote the scenario, where we have by comparison with the President an understatement of what are likely to be the mandatory expenditures that will happen next year, because they believe the recession will be shorter instead of longer, and an overstatement of what would be likely tax receipts. All the increased spending we have available, what do Members think of these tax extenders? CBO says we cannot afford these. We cannot afford to leave money in the hands of poor family, out of their own income, so they can support a mortgage and provide for themselves one of the greatest incentives in the world, which is to meet your mortgage payments, keep everyone on the job. How many times would I not be at work because I had the mortgage payment staring me in my face?

For my own research, because I know my needs, we cannot afford these things. Why can we not afford them? Guess what, ladies and gentlemen, given our static self-serving analysis we have with the CBO, it will lose money for the Treasury. Never mind the impact on the economy. We do not look at that anymore. We only look at what it does do for the Government. We cannot afford that.

Now that we realize we cannot afford to let the American people keep a larger share of their own earned income for their own purposes, because the Treasury loses money, what do we find in the budget? We have a budget proposal on the part of the Democrat majority that says we do not need faith in the American people. We have faith in the Federal Government. We can put in programs where we will have more money for Federal housing control. Drive through any major city in America and anyone can tell me if they cannot pick out where the projects are by the number of vacant, demolished buildings, the most vicious, negligent, absentee landlord in this country today is the Federal Government. However, we have more money for more absentee slum landlords, called the Federal Government? Less money for individual earners to have incentives for their low-income housing purchases for themselves because the Treasury cannot afford the loss? More money to control the development of advanced technology? Do Members think the Government is smarter in doing research and technology than the American people? At Stanford University they took the Government for a hayride and picked our pockets and put a new John in the President's home. It took the Government years to figure it out. We are going to have more money for the Government to buy more research, less money for people to buy for themselves? More money to control business investment through SBA loans?

Does everyone know how to get an SBA loan? The first requirement to get an SBA loan is to have had your application turned down by three banks. If, in fact, a person can go to the SBA and prove that three bankers have judged their idea to be one that would lead to a failure, they qualify for a loan. That is the secret to getting an SBA loan. Just prove that a person has a bad idea and the Government will fund it.

However, in tax concessions for investment purposes, more control of local development through CDBG and EDA and other kinds of grants, where the Government will determine what is a good investment. More money to control education decisions.

Since I came to Congress there have been two things that have happened coincidentally. The Department of Education, the Federal Government's Department of Education, has more than doubled in the 6 years I have been here, and the performance scores of American students have continually gone down. There is not a school board in America today that does not complain about the unnecessary counterproductive, intrusive regulations of the Federal Government that is hamstringing them in their interest of their best effort to get their youngsters a better education, but they cannot deal with the Federal Government's redtape. We have more money for the Federal Government to meddle in education. More money to control job training. The best job training, ladies and gentlemen, is a job.

I know that I have gone at some length. Let me just say that what I am suggesting, as we evaluate the budget options, constrained as we are by that which has gone before in the Great Society, trying our best to fulfill the mandates of the law we accepted for ourselves in the revision of the Employment Act of 1946, made in 1978 and 1979, we should ask ourselves the question, as we look at the two options, does the option serve the needs of the American people, and grant the freedom of choice and control of their lives to the American people themselves, or does the option serve the needs of the Federal Government, and grant the controls to the Federal Government? The choice is yours: a government that works for you, or a government that works for itself.

Mr. McGRATH. Mr. Chairman, will the gentleman yield?

Mr. ARMEY. I yield to the gentleman from New York.

□ 1820

Mr. PANETTA. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, we have reached the end of this debate. It has been a good debate. I think both sides have presented their views with regard to the budget problems that confront the country and the alternatives that we will be facing. It sets the stage for the debate on the amendments that will take place tomorrow, and that is good.

I do not disagree with those who have pointed out the serious problem that confronts this country with regard to resources, and it really is a basic resource problem. Whether you are someone who is concerned about programs from the human needs side, or whether you are someone concerned about programs that relate to space or defense, whatever your agenda is, whatever your concerns are, there is a fundamental problem at the present time that confronts this Nation. We do not have the resources. We are a Nation starved for resources as we enter the 1990's. That is the major test for the United States of America in the 1990's.

Resources are at the heart of our strength as a Nation, just as they are at the heart of every major power that has ever existed throughout history. Major powers have risen in terms of their power and their influence in the world because they have accumulated, developed and managed resources, and they declined in power when they failed to properly manage those resources.

The real question for the United States of America as we enter the 1990's and begin to approach a new century is the question, are we able to properly manage our resources? That is the warning that I think the American people and all of us in the Congress have to be aware of, because it is the fundamental challenge. The fundamental challenge of the 1990's and this next century is whether the United States of America is going to restore its resource base, so in effect it can continue not only to meet needs within our own society, but to meet our responsibilities in a changing world.

The evidence is against us right now. We have deficits that really are in excess of $300 billion for fiscal year 1992. We expect high deficits over these next few years. Our overall national debt is now approaching $3.5 trillion, and we expect it to reach about $5 trillion within the next 5 years. We are now in a situation where interest payments alone on that debt are eating up almost $1 out of every $5, $1 out of every $5 going just for interest payments on the national debt, in excess of $200 billion that we are paying.

We are in a crisis and it was for that reason the President and the Congress last year came together in a budget agreement to try to develop some answers to that crisis situation.

The fact is, regardless of whether you are for or against the summit agreement, that summit agreement confronted some of the key issue areas that you have to confront if you are concerned about bringing discipline to our overall budget situation. It confronted in part the entitlement issue. We developed about $100 billion in savings out of entitlement programs. Incidentally, $43 billion of that came out of the Medicare Program.

We developed discretionary savings of almost $180 billion to $200 billion over 5 years, and in addition we raised revenues of $158 billion.

The reality is that if you are serious about getting the budget deficit down, you have to confront those issues.

Now, some will say, well, it is too much in revenues. Some will say it is too much in spending savings. The fact is that if you are going to confront these issues, you have to deal with all these areas, and that is essentially what the budget agreement attempted to do. It is for that reason that we have a fundamental responsibility to adhere to that budget agreement.

To the credit of the President, the President adhered to that in his budget approach. For the first time in perhaps 10 years, the President's budget is an honest presentation that sticks to that budget agreement, and it is to his credit.

The budget resolution that comes out of the Democratic Budget Committee is indeed as honest because it, too, adheres to that budget agreement.

So there are some similarities between the two budgets. There have to be if you are going to stick to the agreement. You basically adhere to the cap on defense spending, on international aid, and on domestic discretionary spending, and require pay-as-you-go for any initiatives that are developed. Those are similarities that exist between the two budgets. No question about it. There are some similarities by virtue of our adherence to that budget agreement, but there are also some differences. The main differences occur really in two areas.

One is the domestic discretionary side of the budget. There are some fundamental differences about what should be priorities within that domestic discretionary cap. There really should not be, as a matter of fact. I really do think that Members on both sides of the aisle share similar concerns about children and education, health care and nutrition. I really believe that below all of the rhetoric there are some fundamental areas where there is agreement in terms of our responsibilities to the society.

Yet the President did not really reflect that as much in his domestic budget.

So what the committee did was, we took $13 billion and tried to redirect it to those areas that we thought were important, to education, to the WIC Program, to health care, to areas related to drug prevention and treatment, to economic security, trying to improve competitiveness in energy, and infrastructure. That is important.

We also have a second area of major difference when it comes to the fundamental fairness of a budget resolution. I think one of the tests of budget resolutions over the last 10 years is not only in the honesty in which they are presented, not only whether they can be implemented, but are they fair? Are they fair? That is an area where we have some differences, because the President felt that again he could go back to the same areas he went back to last year in the budget summit, to try to go back at Medicare for just a little more from the providers, a little more from the hospitals. Even though 600 hospitals have shut down in this country, another thousand are in danger of shutting down in this country, let us just squeeze them for a little bit more. Maybe we can get another $16 or $18 billion.

We reject that. We say last year we squeezed the last drop out of the hospitals.

Is it worth looking at income testing? Yes, we can look at that. That is a possibility.

Should we look at health care reform? Sure, that is a possibility if you want to pay for the reform.

But do we have to again go back at the same providers of health care in this country, when we know what the result is, when we see the hospitals shutting down in each of our districts? We reject that.

We reject the veterans' cuts of $3.5 billion. For the life of me, I cannot imagine in the middle of the Persian Gulf crisis welcoming our troops home and then saying at the same time that we are going to cut veterans' benefits by $3.5 billion. We spent the last few weeks here passing additional benefits for veterans, for goodness sake, and we are now going to pass a budget that cuts $3.5 billion from veterans' pensions, from health care, and from other programs that impact on veterans in this country? Where is the fairness in that?

What about the Student Loan Program? Another almost $700 million cut from the Student Loan Program. How many times do we have to go back and beat that program, when it is one of the basic programs in terms of giving students the opportunity to be able to get the kind of higher education that will advance their careers and their opportunities in a free society.

Foster care, $1.7 billion.

Trade adjustment assistance, $905 million of cuts. That is rejected.

Fundamental fairness is a major difference here in the two proposals that are presented. So those are the areas of major difference.

Now, as I said, some might argue, "It is not that much." Only in Washington would you argue that $13 billion is not that much or $46 billion in cuts is not that much.

I guess there are really two tests of that.

□ 1830

One is with regard to those affected. There is just one program, I will mention just one program, the Head Start Program, where we put about $350 million into the Head Start Program. As a result of that, we can serve 72,000 additional kids in the Head Start Program.

Now, $350 million, when you compare it to the defense budget or a B-1 bomber or compare it to star wars or compare it to even the space station, it is not much, not much. These other programs cost a lot more. But I will wager to say that one of those 72,000 kids in the Head Start Program who has the opportunity to get a better education would agree that there is a difference in this budget when it comes to them.

Same thing is true for the WIC Program: 490,000 mothers and children can be served by what we do here in the WIC Program. The $350 million we put into the WIC Program, 490,000 more can be served by the WIC Program.

Just ask one of those parents, ask one of those kids as to whether or not there is a difference. I am willing to rest my case on their answer. And I guess I am willing to rest my case on the votes that will be cast here by the Members of the House, because both sides, Republicans and Democrats, represent our constituents. The vote that will occur tomorrow will tell us whether or not indeed there is a difference between these budgets. I think there is. I think the vote tomorrow will show that.

Mr. Chairman, I yield back the balance of my time and move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. WISE) having assumed the chair, Mr. MAZZOLI, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the concurrent resolution (H. Con. Res. 121) revising the congressional budget for the U.S. Government for the fiscal year 1991 and setting forth the congressional budget for the U.S. Government for the fiscal years 1992, 1993, 1994, 1995, and 1996, had come to no resolution thereon.

PROPOSED RECISSION RELATING TO DEPARTMENT OF HEALTH AND HUMAN SERVICES—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. No. 102–65)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Appropriations and ordered to be printed.

(For message, see proceedings of the Senate of today, Tuesday, April 16, 1991.)

PROPOSED AGREEMENT BETWEEN THE UNITED STATES AND THE CZECH AND SLOVAK FEDERAL REPUBLIC ON COOPERATION IN PEACEFUL USES OF NUCLEAR ENERGY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 102–66)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Foreign Affairs and ordered to be printed.

(For message, see proceedings of the Senate of today, Tuesday, April 16, 1991.)

PROPOSED AGREEMENT BETWEEN THE UNITED STATES AND THE REPUBLIC OF HUNGARY CONCERNING PEACEFUL USES OF NUCLEAR ENERGY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 102–67)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Foreign Affairs and ordered to be printed.

(For message, see proceedings of the Senate of today, Tuesday, April 16, 1991.)

REPORT TO CONGRESS ON FEDERAL POLICIES, BUDGETS, AND TECHNICAL ACTIVITIES IN SEMICONDUCTORS, FIBER OPTICS, SUPERCONDUCTING MATERIALS, AND ADVANCED MANUFACTURING—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Science, Space, and Technology.

(For message, see proceedings of the Senate of today, Tuesday, April 16, 1991.)

ANNUAL REPORT DESCRIBING ACTIVITIES OF THE FEDERAL GOVERNMENT IN DEVELOPMENT OF ENERGY CONSERVATION AND EFFICIENCY STANDARDS FOR CERTAIN BUILDINGS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Energy and Commerce.

(For message, see proceedings of the Senate of today, Tuesday, April 16, 1991.)

ANNUAL REPORT OF THE FEDERAL COUNCIL ON THE AGING—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Education and Labor.

(For message, see proceedings of the Senate of today, Tuesday, April 16, 1991.)

ANNUAL REPORT ON FEDERAL ADVISORY COMMITTEES FOR FISCAL YEAR 1990—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Government Operations.

(For message, see proceedings of the Senate of today, Tuesday, April 16, 1991.)

COMMUTERS MUST NOT BE USED AS PAWNS IN RAILROAD DISPUTE

The SPEAKER pro tempore (Mr. WISE). Under a previous order of the House, the gentleman from Illinois [Mr. PORTER] is recognized for 5 minutes.

Mr. PORTER. Mr. Speaker as they say, "It's deja vu all over again." It was just 3 years ago that the Congress was called upon to settle a rail strike that stopped freight shipments and stranded hundreds of thousands of commuters. Apparently, at midnight tonight we face the same scenario again.

Negotiators have been working around the clock to forestall the strike and settle issues between the railroads and the unions involved. The President has called responsibly on both parties to find common ground in order to avoid disruption of the Nation's transportation system and protect our fragile economy.

Commuters, Mr. Speaker, particularly those in the Chicago area, many of whom I represent, should not be subjected to these tangential disputes, but inevitably they will be, if the strike occurs. The traffic tie-ups, inconvenience, frustration, and most importantly, lost worker-hours, will be horrendous. Simply put, commuters should not be used as pawns in the middle of a dispute that has nothing to do with commuter service.

Mr. Speaker, I understand that the House Energy and Commerce Committee is prepared to send a bill to the floor as early as tomorrow to stop this disruption if it, in fact, occurs. I commend Chairman DINGELL for his willingness to act expeditiously—the Congress can act quickly when the occasion arises and has done so in the past. The President's emergency board has already made recommendations that have settled disputes with some of the unions. Congress should again move quickly to enact these recommendations into law and avert the disaster of a national railroad shutdown.

□ 1840

A FIRST STEP IN SOLVING THE SMALL BUSINESS CREDIT CRUNCH

The SPEAKER pro tempore (Mr. WISE). Under a previous order of the House, the gentleman from New York [Mr. LAFALCE] is recognized for 5 minutes.

Mr. LAFALCE. Mr. Speaker, today I am introducing legislation to provide the same opportunities to small businesses to obtain financing as the Federal Government has long provided to many other sectors of the economy.

Mr. Speaker, the small business sector—the most dynamic sector of our economy—is also the least able to obtain financing on its own. Over 35 years ago Congress established the Small Business Administration in 1953 to provide a mechanism to assist in overcoming this financial hurdle.

In the intervening years, the program has worked well. But during this time the number of small businesses has exploded. There are more than 18 million small businesses today, and those who are unable to secure financing on their own from financial institutions are simply too numerous to be financed by the SBA, especially in light of today's budget constraints.

I believe that the answer to much of this credit crunch is to establish a Government Sponsored Enterprise for Small Businesses.

During the 101st Congress, the committee began receiving numerous complaints from the small business sector that they were unable to obtain financing. As these reports intensified, I became more and more concerned. This led me to schedule and hold hearings in 1990 on this problem.

At these hearings, the committee received considerable anecdotal evidence from banks and businesses, particularly in the New England region, that credit was being restricted and that a "credit crunch" was threatening to spread nationwide. However, at that time, hard data was scarce, and the Federal Reserve Board and other regulators were unconvinced that a problem existed.

Since then the problem has worsened. The credit crunch is severe and wide spread and confronts small businesses across the United States.

This year the committee has held additional hearings on this credit problem.

A Wall Street representative testified:

Where does all of this leave us? Banks have significantly reduced credit, the commercial paper market has shut out lower grade issuers, the private market has shrunk by a third and the public market is demanding cost concessions and convenant protections * * *.

A New England banker testified:

* * * I find it hard to believe that anyone seriously questions whether or not there is a credit crunch. In the simplest sense, a credit crunch can be defined as a situation where a credit worthy borrower is unable to obtain a needed loan for a worthwhile purpose. Statements by the highest officials of the Federal Reserve indicate that they believe there is a credit crunch, and statistical information * * * bears them out.

A representative of a regional trade association was even more pessimistic as to the availability of loan money, testifying that many of their members:

* * * despair in obtaining needed working capital and cash flow on reasonable terms * * * (many) employers * * * assume generally they will be unable to find the financing to conduct normal business operations in the publicly chartered banks that today apparently struggle for their own survival instead of fulfilling the public purpose implicit in those charters. The alternatives only can be seriously increased costs for credit, disruption of operations and increased investment, each of which translates to diminished job opportunities.

Other industries have been helped through the establishment of a Government Sponsored Enterprise or GSE. The first of these was the Federal National Mortgage Association, or Fannie Mae, which was established to assist the housing industry in 1938. Since then we have added six other Government sponsored enterprises or GSEs: the Federal Home Loan Mortgage Corporation or Freddie Mac, the Federal Home Loan Banks, the Student Loan Marketing Association or Sallie Mae, the Financing Corporation of the Federal Home Loan Bank System, the Banks of the Farm Credit System, and finally a new mechanism for financing agriculture, the Federal Agricultural Mortgage Corporation or Farmer Mac.

All of these GSE's are built around the same basic framework. They are chartered by the Federal Government to target financing to a particular industry or for a particular purpose. Although federally chartered, they are owned by their shareholders and are run by a Board of Directors which generally has some membership on the Board selected by the Federal Government to represent the Government's interest.

These entities are not part of the Federal Government. Their activities are not part of the Federal budget process; and their debts are not guaranteed by the Federal Government. Private investors provide money to them with the Federal Government standing ready, if the need arises and is justified, and subject to the appropriation of funds, to possibly step in and provide financial assistance to them. This contingency or backstop has never been utilized for any of the other GSE's and hopefully it never will be.

Mr. Speaker, I believe that a Government Sponsored Enterprise for small business is long past due. There are numerous investors with sufficient capital to fill the financial needs of our Nation's small businesses, but we need to provide a catalyst to bring together private investors and the small businesses through our Nation's banking system.

Basically what I am proposing is that financial institutions be authorized to make private loans to small businesses. These loans could then be sold to the small business government sponsored enterprise which in turn would resell them or packages of them to private investors. I believe there are a sufficient number of these private investors that could largely satisfy small business credit needs. It would not be, however, a substitute for the SBA program as there would continue to be a number of small businesses which do not have the financial standing to participate in financial markets without some type of direct government support in the way of a guarantee. Thus I see this new mechanism as a supplement to the current SBA programs.

Mr. Speaker, I am attaching to my statement a short summary of the provisions of the bill and I urge my colleagues to examine it carefully and lend their support. I expect that the Small Business Committee will conduct hearings on this measure later this year.

SUMMARY OF VELDA SUE

(A bill to facilitate the providing of loan capital to small business concerns, and for other purposes.)

The legislation would establish a federally chartered but privately owned corporation called the Venture Enhancement and Loan Development Administration for Smaller Undercapitalized Enterprises (Velda Sue) which would do for small business what Fannie Mae does for housing.

Private lending institutions are basically short-term lenders and are unable to make long-term commitments, and in some cases simply do not have the available capital to make loans to small businesses or in the case of smaller banks have loan limitations which limit loan size. As a result, small business credit needs are going unmet in the private sector. This bill basically would bring together small businesses and their long term credit needs with institutional investors who have funds which could satisfy this need.

The Corporation would be operated by a permanent Board of Directors of 9 members (five being elected by the shareholders and four being appointed by the President). Stock in Velda Sue would be purchased by financial institutions which would seek capital from Velda Sue.

A minimum of $30 million in stock sales would be required before Velda Sue could commence business.

For purposes of eligibility to obtain financings, a small business would be defined as one which, in addition to being independently owned and operated and not dominant in its field of operations, qualifies under SBA loan standards or which has a net worth of $6 million or less, and annual net, after-tax income of $2 million or less.

Velda Sue would create a secondary market for small business loans either by purchasing the underlying paper and packaging it in pools and issuing its own securities backed by these pools, or by guaranteeing securities issued by loan poolers, provided it is backed by these loans. This paper would be sold to institutional private investors such as pension funds probably at an interest rate of less than 1 point more than that paid by the U.S. Treasury.

Velda Sue would develop uniform standards for the loans. In order to establish a market and to promote quality loans, the Board would specify minimum standards for them which would include: a maximum principal amount; a maximum term not to exceed 30 years in the case of land or facilities and 10 years in the case of equipment; a requirement that the loan be fully amortized; a requirement that the loan not be in excess of 90% of the value of the asset; and a requirement that the loan be secured by a first mortgage position on the collateral.

If these conditions were met, the Corporation could buy 80% of the loan with the originating lender retaining 20%.

In addition, the Secretary of the Treasury would be authorized and directed to supervise the financial safety and soundness of Velda Sue. In essence, he would regulate its operations.

Any paper issued by Velda Sue or guaranteed by it would not be federally guaranteed, although its issuance would be subject to the approval of the Secretary of the Treasury. In addition, in his discretion and subject to the appropriation of funds, the Secretary of the Treasury, as a backstop, would be authorized to purchase up to $1.5 billion in Velda Sue paper, i.e., if Velda Sue needed additional federal money, the government might provide it if the need was justified.

The Corporation would be designed to be self supporting and would be required to establish a reserve to pay any losses it might sustain. These reserves would be funded by the imposition of guarantee fees not to exceed 2 percent of any loan guaranteed, and ½ of 1 percent of any security representing a pool of these loans.

Finally, Velda Sue would be prohibited by statute from incurring more obligations than an amount equal to 30 times the amount of its capital.

REQUIRING FEDERAL AGENCIES TO ESTABLISH PERFORMANCE STANDARDS AND GOALS FOR EVERY SPENDING CATEGORY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. LEWIS] is recognized for 5 minutes.

Mr. LEWIS of California. Mr. Speaker, today I introduced a performance-based budget bill that would require Federal agencies to establish quantifiable performance standards and goals for every major spending category. I commend the following articles that discuss the need to make the Federal Government more accountable for its spending decisions:

YARDSTICK FOR THE BUDGET

(By Stephen Green)

The tax revolt has forced lawmakers to think twice before raising taxes. What's needed now is more assurance that the money collected from the taxpayers is spent wisely and not wasted. It's time for a new revolution—a performance revolt—to force the federal government to function effectively.

As matters now stand, there is no way to determine for certain whether the government is spending the public's money prudently. The President proposes spending for a government program, and if Congress agrees, the expenditures begin. In too many cases, the actual effect of the spending is difficult to determine. Lacking are specific criteria by which to measure a program's successes or failures.

This governmental deficiency is so glaring that it is mystifying why it has been tolerated for so long. Sheer expendiency may be the explanation. Politicians find it desirable to promote pet programs, and program managers find it advantageous to expand their domains without real accountability for what has or hasn't been accomplished.

Whatever the reason, this deplorable state of affairs has continued for too long. Now, however, there is hope for change. A remedy has been offered by Sen. William S. Roth, Delaware Republican, in the form of so-called "performance base budgeting."

Under a bill that Mr. Roth intends to introduce when Congress convenes, budget laws for the first time would contain clear and precise goals—stated in measurable terms—for various programs.

Instead of just setting aside millions of dollars for certain welfare programs, legislation would contain stated goals as to what the money is supposed to achieve.

One welfare program might promise, for instance, to place 100,000 welfare mothers in full-time employment. A Justice Department program might pledge to increase federal drug convictions by 15 percent. Such a method of budgeting would permit productivity to be traced and performance measured.

Launching the federal government into performance-based budgeting would not be a venture into unchartered territory. Performance based budgeting does work. Its feasibility already has been demonstrated by a few local governments, most notably that of Sunnyvale, Calif.

Persuing the latest Sunnyvale municipal budget is edifying. It reveals that the city parks department has promised to repair all reported vandalism within three working days 90 percent of the time in return for an appropriation of $33,838. In law enforcement, the city police department has pledged to respond to all emergency calls in 5.6 minutes or less 90 percent of the time in return for an appropriation of $677,398.

In many ways, the complexity of the federal budget cannot be compared to Sunnyvale's. But, as Sunnyvale City Manager Tom Lewcock has been quoted as saying, the principle of performance-based budgeting "works regardless of the size of the government."

Performance-based budgeting permits taxpayers to determine what they receive for the money they spend and how the actual results compare to what should be occurring. Programs that fail to live up to promises can be altered—or terminated. Programs that do work can be expanded.

Despite the overwhelming logic in favor of performance-based budgeting, persuading the federal government to adopt it will not be easy. As Mr. Roth has explained, "There will be, as there has been in the past, strong resistance within the agencies to being held accountable for measurable results. Even some in the Congress may not relish the idea of having to tell the taxpayers up front what result to expect for their tax dollars and then what actually was accomplished."

It will help that Mr. Roth appears to have support in the Bush administration for at least a pilot project. The White House Office of Management and Budget agrees that the concept is worth exploring. Clearly, it is. Performance-based budgeting could prove to be the long-sought-after key to making the vast federal bureaucracy accountable at last.

LATEST TWIST ON ACCOUNTABILITY ASKS TO SEE TAX DOLLARS' RESULTS

(By Dana Priest)

Unless suspected of financial shenanigans or subjected to the curiosity of a given lawmaker, the thousands of government programs that gobble up the federal tax dollar each year are not routinely obligated to show that they produce results.

Some administration officials, members of Congress and public policy scholars argue that the intended results are usually not even defined.

"We ask: Was the money spent, was it spent on time and was it spent honestly?" said one administration official. "Rarely do I see the question: Was it spent effectively?"

In the private sector, there is the bottom line—the profit—by which a company's expenditures can be judged.

In the public sector, there is no equivalent. "Performance-based budgeting" is the newest incarnation of a decades-old attempt to get federal agencies to define and then live up to a set of program goals subject to internal and congressional scrutiny.

Sen. William V. Roth Jr. (R-Del.). ranking minority member of the Governmental Affairs Committee has introduced legislation to call on agencies to do just that. The idea has attracted interest in the Office of Management and Budget. The committee has tentatively scheduled a hearing on the matter for late May. Rep. Jerry Lewis (R-Calif.) plans to introduce a House version of the bill Tuesday.

In performance-based budgeting, a program's funding would be linked to measurable objectives developed by its staff, the administration and Congress. After performance goals were specified, agency records, special surveys and other data would be used to measure how close a given program had come to reaching its goals.

Along with the Chief Financial Officers Act of 1990, whose goal is to create more financial accountability within each department and agency, the proposed Federal Program Performance Standards and Goals Act of 1991 is an example of Congress's desire to bring increased accountability into the budgeting and spending process.

Scandals at the Housing and Urban Development Department, the savings and loan debacle and abuses in the Pentagon procurement process recently have focused attention on the government's financial accountability.

To enhance the financial management functions of OMB, the Chief Financial Officers Act establishes a deputy director of management and an Office of Federal Financial Management within OMB. It also requires each executive department and agency to designate a "chief financial officer" to oversee financial activities and to produce an annual audited financial statement.

Performance-based budgeting takes the notion of financial accountability one step further: Shouldn't government also be responsible for making a difference with the money it spends?

Sweden, Canada, Britain, Australia and Denmark use performance budgeting. The city of Sunnyvale, Calif., has been measuring its performance for two decades. Phoenix, Dayton, Ohio, Florida and Oregon also are using the method or are planning to do so.

Oregon has established 160 measurable goals to help legislators keep track of the state's progress over the next 20 years. The goals include: Oregonians who commute to and from work during peak hours in other than a single-occupancy vehicle will be 29 percent in 1990, 40 percent in 1995, 50 percent in 2000 and 60 percent by 2010.

Wood and lumber sector employees involved in manufacturing products from wool and lumber once it leaves the mill will be 28 percent in 1990, 39 percent in 1995, 45 percent in 2000 and 50 percent in 2010. Overall crimes per 1,000 Oregonians per year will be 144 in 1990, 100 in 1995, 65 in 2000, 50 in 2010.

Duncan Wyse, executive director of the Oregon Progress Board, which put the program together and has presented it to the state legislature for approval this session, said the report card system will help focus the state's bureaucracy on the agreed-upon goals.

"It creates accountability in the budget process, a discipline that doesn't really exist," said Wyse.

The idea is not without its critics. Some government managers fear it will simply add another layer of paperwork and record-keeping to their chores, interfering with the real work at hand.

"The issue should never be whether you can measure something, but how do you use the measures," said Allen Schick, professor at the School of Public Administration at the University of Maryland. "The federal government is a massive data collection and measuring machine. The question is how do you get the government to use the data in a meaningful way?"

Schick argues that the most successful attempts at performance-based budgeting, which has gone under different names over the decades, work best when the goals of an agency are concrete, such as how many roads should be repaved in a given year and at what cost.

Then there is the problem of getting Congress to accept responsibility for what the government actually accomplishes with the money it spends.

"Will the appropriating committees really care?" Schick asked. "They control the inputs, but they don't control the outputs; that's the operational definition of a politician."

Bruce Johnson, assistant director for budget issues at the General Accounting Office, said measuring performance "would make the actions of the executive branch more accountable and call for Congress to be more specific as to what they want" from an agency.

GAO plans to study performance-based budgeting as it is being used on the state and local levels.

A CALL FOR ACTION ON CYPRUS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. ANNUNZIO] is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, I rise to join my colleagues in the House of Representatives who are seeking a peaceful, just settlement to the crisis of a divided Cyprus. In 1974, Turkish troops invaded this island nation in the Eastern Mediterranean and occupied the northern third of the country. Since then, Cyprus has remained divided despite numerous meetings between Greek and Turkish Cypriot leaders and calls for the withdrawal of Turkish troops by the United Nations Security Council.

Now, however, a window of opportunity for Cyprus has opened in the wake of America's military victory in the Persian Gulf war. That triumph has enhanced the chances for resolving the Cyprus conflict because the war has brought closer ties between the United States and Turkey.

Recently, I joined more than 40 members of the House of Representatives in signing a letter urging President Bush to seize this opportunity to resolve the crisis of divided Cyprus. Since then, I was pleased to learn that the subject of Cyprus was discussed in detail during recent talks between Mr. Bush and Turkish President Turgut Ozal. I am now hopeful that President Bush will follow through with his efforts to resolve the Cyprus conflict, which remains as an obstacle to relations between the United States and Turkey.

If the President makes the Cyprus conflict a priority of our foreign policy, then I am sure our government can assist in efforts to make meaningful progress on this issue.

One starting point that could lead to a breakthrough in the Cyprus conflict concerns the repatriation of refugees who were forced out of cities such as Varosha and Famagusta after the Turkish invasion of Cyprus. Since 1974, Turkish troops have kept Varosha and Famagusta sealed off from their former, Greek Cypriot residents. These once-bustling cities on the eastern coast of Cyprus are now ghost towns, which are quickly falling into ruin. The people of Cyprus are in danger of losing many centuries of cultural heritage because of the Turkish occupation of these cities.

Mr. Speaker, I urge the Turkish Government in northern Cyprus to take the first step toward peace by allowing the residents of these cities to return to their homes in accordance with U.N. Security Council Resolution 550. Such a move would set the stage for a permanent settlement that would safeguard the rights of minority Turkish Cypriots, while allowing displaced Greek Cypriots to return to their homes in northern Cyprus. Once the stalemate is broken, representatives from both sides can begin working toward a long-term settlement. A reopening of Varosha and Famagusta could provide the momentum needed to resolve other disputes, such as the question of compensation for Greek Cypriot refugees. A just peace will prevail only after agreements are reached on the resettlement of refugees and other issues related to the Turkish occupation of Cyprus.

INTRODUCTION OF THE DESIGN INNOVATION AND TECHNOLOGY ACT OF 1991

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri [Mr. GEPHARDT] is recognized for 5 minutes.

Mr. GEPHARDT. Mr. Speaker, today I welcome the opportunity to introduce legislation once again with Mr. MOORHEAD, Minority Leader MICHEL, and dozens of our colleagues from both sides of the aisle, which is intended to address an important piece of the American competitiveness puzzle. At the urging of our GATT negotiators and our trading partners, who are currently involved in important talks on intellectual property rights issues, we are introducing an improved version of design protection legislation. I believe the time has come for our country to ensure that original designs, the area where competitive edge will be gained or lost in the future, will be safe from piracy by some of our trading partners.

The United States has excelled and continues to excel at designing products. However, this capability is not adequately protected under U.S. law. It is time that the United States act to stem the losses in export sales and jobs that result from inadequate intellectual property protection and product counterfeiting by our trading partners. A strong and properly enforced design protection law will be a great asset to our country's performance in making products more appealing and selling them in the world market.

As many remember, last year the House Judiciary Committee's Subcommittee on Intellectual Property held 3 days of hearings on design legislation. As a result of the testimony presented during those hearings we have made a number of modifications in the version of the legislation we are introducing today. These changes narrow the scope of the bill and deal with some of the concerns raised during the hearings. Highlights of the changes are as follows:

First, we have required that protected designs meet a standards of "originality" if they are to be protected. To meet this test a design must be the result of a designer's creative endeavor that provides a "distinguishable variation over prior work pertaining to similar articles." This variation must be more than trivial and must not have been copied from another source. This standard of originality strengthens language retained from H.R. 3017 as introduced in the 101st Congress, making it clear that a "shape, pattern, or configuration which has become standard, common, prevalent or ordinary" cannot be protected under the bill. Thus, merely generic designs cannot be repackaged and registered under this bill. Many typical items such as coffee cups, plates and other consumer items with a standard shape would not be protected unless some original design content were added.

Second, we have expanded the so-called parts interfit exemption to encourage, not discourage the continuation of a dynamic U.S. after market repair parts industry. Under the new bill the "mechanical interface, perimeter, or envelope restrictions necessary to permit the physical and functional substitution of an article" cannot be protected by a design and registration. This means that companies which manufacture and sell replacement hard parts for automotive and other products may continue to do so, even if the original equipment part is protected under the bill. The bill will be limited to its purpose of preventing the pure piracy or knock-off of a protected design. Of course, if the design is dictated solely by a utilitarian function it cannot be protected at all.

In addition, we have added to the protections already built into the bill for distributors and retailers who innocently trade in infringing products. The new bill gives sellers and distributors the right to sue for damages including lost profits, cost of materials and good will, as well as attorneys fees, in cases where they have wrongfully been subjected to an injunctive action by the owner of a design right. Punitive damages are also provided in such cases.

Also, we have made it clear that publishers will not be subject to infringement actions for reproducing, modifying or distributing printed materials even if these materials contain an infringing typeface. The aggrieved party will have to seek his or her remedy from the person who actually infringed the typeface itself.

Finally, in the unusual cases where a design may be eligible for protection under copyright or patent laws, we require that the registrant for design protection forego protection under those other statutes.

Mr. Speaker, we have limited the effect of this legislation to its very narrow purpose—preventing the pure and simple theft of the creative efforts of American designers and workers.

The Design Innovation and Technology Act of 1991 will give Americans the same right to reap rewards from their creative endeavors as those now enjoyed by citizens of nearly every other industrialized nation on Earth. While normally it is the United States which is leading the world in the legal protection of creative endeavor, we are still living with an archaic 19th century system in the case of original designs. And, we have rightfully been criticized by some of our important trading partners for promoting design piracy. The bill we are introducing today will give the United States a world-class design law we can all be proud of.

In this light, I look forward to working with the House Judiciary Committee's Subcommittee on Intellectual Property and its new chairman, Mr. Hughes to hold hearings on and pass design legislation in a timely manner. We must not miss this opportunity to encourage and enhance American competitiveness.

A TRIBUTE TO BARBER CONABLE'S DISTINGUISHED CAREER

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York [Ms. SLAUGHTER] is recognized for 60 minutes.

Ms. SLAUGHTER of New York. Mr. Speaker, today I am honored to organize this special order to pay tribute to an extraordinary man, a predecessor of mine, and a neighbor, Barber Conable. For 20 years, Mr. Conable represented the people of New York's 30th District with remarkable distinction. Last month, Mr. Conable announced his plans to retire from the World Bank, where he has served as President for the last 5 years. As Mr. Conable prepares to leave the World Bank, it is appropriate for us to take the time to consider the legacy he has left us.

Barber Conable has been serving his country for almost 50 years. From distinguished service in the military during two wars to his celebrated career in the House of Representatives to his leadership at the World Bank, Barber Conable has always answered the call when his country needed him.

He finished his undergraduate studies at Cornell University in just 3 years, and, at the age of 19, enlisted as a private in the U.S. Marine Corps. He was a first lieutenant by the time he helped launch the assault on Iwo Jima. After serving with the occupation forces in Japan, he returned to Cornell to study law, graduating with honors. When the Korean war began, once again Barber Conable answered his country's call. Following the Korean war, Barber continued to serve in the Marine Corps Reserve for 20 years, retiring in 1972 with the rank of colonel.

Had Barber Conable limited his public service to military duty, this Nation would still owe him a debt of gratitude. But we are all grateful that Mr. Conable chose to serve his State and his Nation, first in the New York State Senate and then in the U.S. House of Representatives. Many of my colleagues recall the respect Mr. Conable garnered from both sides of the aisle during his remarkable two decades in the House. One of the House's most articulate spokesmen and a masterful legislator, Barber Conable served New York's 30th District well.

But Barber Conable's finest accomplishment, and I am sure he will agree with me, was that he married well. His wife Charlotte shares the love and respect Barber enjoys. She is admired for her dedication to the rights of women throughout the world and for her leadership and courage to make changes.

But despite their national reputations, both Barber and Charlotte were known for their special attention to local needs. Barber is greeted with genuine warmth and affection in his native New York because, despite his success in Washington, and in the world, he has never forgotten his small-town roots. Barber Conable has always kept in touch with the people back home, returning at every available opportunity.

He was never too busy or too important to talk with and listen to his constituents, especially the youngest among them. For instance, when a local schoolboy suggested a holiday honoring the inventors of popcorn and ice cream, Mr. Conable responded with his usual wit, "Your proposal is an understandable suggestion from a young man with a taste for the good things in life. This probably has not been approved because, as meritorious as those contributions are, they are not generally regarded as dominant, unique developments influencing the course of a nation."

Mr. Conable was able to win the respect and affection of his constituents because, at heart, he never really left Rochester and its nearby towns. Over the last 30 years, he has literally become a legend in his own time, a legend built on thousands and thousands of meetings, speeches, rallies, tours, and debates. He has answered letters, taken phone calls, talked to children, chatted with their parents, and listened to their grandparents reminisce. To this day, he continues his regular habit of getting together with his long-time friends and neighbors for some fine food and good company. In short, he has become a fixture in many people's lives.

Even when he moved on to become President of the World Bank, he still made a point of making it home for his annual Fourth of July appearance in the Genesee Country Museum, where he continued his traditional reading of the Declaration of Independence. His performance has been so convincing, in fact, that the crowd often booed the King of England. Of course, in typical style, Mr. Conable added his own touch to that important document, stating that "all men—and women—are created equal."

His constituents counted on Mr. Conable for everything from selling tickets at the firefighters carnival to officiating a snowshoe race, from dedicating a nursing home to helping out a church auction. As Mr. Conable explained it, "I'm a country boy."

An avid collector of artifacts from Native American tribes of New York's Finger Lakes region, a number of tomahawks adorned his congressional office, never failing to impress visitors. He also has been known to engage in lengthy conversations with other collectors of tomahawks, masks, bead works, and other artifacts.

Moving his desk was no easy task either. The antique desk, well over 100 years old, is about 6 feet tall and weighs 500 pounds. The magnificent desk boasts more than 100 compartments and cubby holes. It was quite a conversation piece in Mr. Conable's office, particularly since he bought the desk in 1959 for $25, after talking the owner down from the original $50 asking price. The desk is now worth thousands of dollars. It has been described by Barber Conable himself as "a cross between a juke box and an altar."

His sense of history and love of tradition could also be found in his collection of rare prints of the Capitol. These were graciously donated to the Library of Congress by Mr. Conable when he left.

Of course, his home in the town of Alexander, 45 minutes southwest of Rochester, is just as interesting as his office was. His 150-year-old farmhouse is filled with antiques, rare books, and Native American artifacts. The Conable homestead also boasts a magnificent garden, with about 90 varieties of trees that Barber planted himself.

Mr. Conable, a consummate American, never forgot his roots, and he brought the wisdom of life in a small town to the Nation's capital. There are few legislators who have garnered such universal respect from their colleagues, regardless of party or ideology, as Barber Conable has. Adept at the art of compromise, quick to grasp both the intricacy of tax legislation and the laws of politics, Mr. Conable sought his goals with graceful diligence.

In particular, he was a driving force on the Ways and Means Committee. He joined the committee during his second term, and became ranking minority member in 1977. To do so, he was forced to give up a leadership position on his party's policy committee, but the decision was not a difficult one. He told his consitituents, "The Ways and Means Committee is a great place for someone interested in legislating, in my mind the reason for being here, so I made it my preference." His hard work on the committee produced many successes, beginning with the State and Local Fiscal Assistance Act, which helped channel Federal money to lower levels of government, a result of 2 years of hard work.

□ 1850

During his congressional career, Mr. Conable also left his mark on the Joint

Economic Committee, the Joint Committee on Taxation, the House Budget Committee, the Ethics Committee, and the President's Commission on Social Security Reform.

But his accomplishments were not limited to committee work. Mr. Conable was one of the leading sponsors of the Legislative Reorganization Act, which helped bring more accountability to Congress by instituting a host of reforms, including the public disclosure of committee votes. He applied this legislative expertise to a variety of tasks, from reforming Social Security to supporting the Equal Rights Amendment.

Mr. Conable brought not just intelligence and thoughtfulness to his work in the House, but also a remarkable sense of humor. He became famous for his "doodles," intricate drawings he sketched in long committee hearings. He joked that witnesses loved to testify before him because they thought he was an avid note-taker. When a news reporter broke the "doodle story," Mr. Conable declined to furnish an example of his art work because, he said, "I'm afraid that some psychiatrist would get hold of it and determine that the convolutions of my mind deserve further analysis." Once his secret was exposed, however, Mr. Conable's doodles even managed to generate a little extra cash for a good cause. At a fundraising auction, a local church in New York State got $30 for a famous Conable doodle. His doodles were also displayed at the Hays-Adams Hotel in Washington, DC.

In 1984, after 20 years of extraordinary service, Mr. Conable announced his retirement from the U.S. House of Representatives, citing the need for new generations to add their voices and ideas to the democratic process. He explained, "Everyone has his own timeframe; for me, 20 years is long enough," Mr. Conable's departure was greeted with regret from colleagues and constituents alike. I can tell you from personal experience, he left big shoes to be filled.

Less than 2 years later, he came out of retirement to run the World Bank, which provides more than $20 billion in loans and grants to developing nations around the world and plays a major role in the world's economic system. He proceeded to reorganize the Bank, which has over 150 member nations, challenging old procedures and structures. By all accounts, the Bank has thrived under his guidance.

Mr. Conable has made fighting poverty in developing nations the World Bank's top priority, arguing that certain social needs must be met before a developing nation's economy can successfully grow. Recognizing that the role of women in developing countries had long been ignored, Mr. Conable created a woman in development division. He has been a strong advocate of women's health care and a vigorous proponent of family planning.

The World Bank, under Mr. Conable's leadership, has also made great strides in protecting the environment in the developing world. He created a new department for environmental issues, staffed it with 50 specialists, and began producing environmental impact statements for World Bank projects.

Mr. Speaker, these are just a few examples of the innovative approach Barber Conable has taken to address the many daunting problems faced by developing countries. His contributions to the World Bank, to the U.S. Congress, and to his country over his lifetime have been innumerable. I am pleased to consider him a friend.

Mr. BOEHLERT. There is an old saying, Mr. Speaker, "Everyman's work, whether it be literature or music or pictures or architecture or anything else, is always a portrait of himself."

Today, we pay tribute to Barber Conable, Jr., upon his retirement as president of World Bank. Barber's career, a career that has spanned over 40 years, from attorney to Congressman, to business leader to World Bank president, is a portrait of a man, a masterpiece of public service, dedication, hard work, and most importantly, caring, not only for the job that he did, but a genuine love for the people he met along the way.

A Member of the U.S. House of Representatives from western New York from 1965 to 1985, Barber served 18 years on the Ways and Means Committee, the last 8 years as ranking Republican. The Congressman acted in various capacities for the Republican leadership, including chairman of the Republican research, and policy panels. The Empire State lawmaker also utilized his skills as a member of the joint Economic, House Budget, and Ethics Committees. While in Congress he served as a senior fellow at the American Enterprise Institute, and as a distinguished professor at the University of Rochester.

There's also an old saying, "Nice guys finish last." Well, whoever said that obviously never met Barber Conable.

During his two decades on the Hill he developed many close and valued friendships, including another with a Congressman from Texas named George Bush. The two became friends when the young lawmakers sat together on the Ways and Means panel. It was through this friendship that he met Jim Baker. Barber Conable remained so close to Mr. Bush that he became chairman of his campaign finance committee in 1980. George Bush, Barber Conable, and Jim Baker—dear and lasting relationships that grow stronger every day.

His career in Congress at full tilt, at the center of power in Washington, Barber surprised everyone when he announced his retirement from the House of Representatives in 1985. "For me," he said "20 years is long enough."

Following work on the boards of four multinational corporations and the New York Stock Exchange, as well as service to the Nation on four Presidential commissions, in July of 1986 Barber began his term as president of the World Bank Group. His objective: to promote economic development in developing member countries. Described by many as an idealist who expects the best from his people, the job was a good fit. He directed the huge institution to alleviate poverty as its top priority. He pointed out that population growth in the Third World had to be limited to cope with the moral outrage of widespread poverty in poorer countries.

He emphasized the need to control population and give special heed to the problems of women internationally. A repeated theme of his speeches became the linkage of women's problems to those of family, health and education.

Barber renewed the organization's commitment to educational development and worked to double the institution's lending for education projects. He urged all member nation's to "lay the foundation for a new and effective alliance, committed to ensuring that the people of this world . . . will not be deprived of their fundamental right to education."

In a March 1990 speech to an international conference on education, Barber Conable outlined his vision:

> Reducing poverty is at the heart of the development process and central to the World Bank's mission . . . The poor cannot join in the struggle against poverty unless they are equipped to identify opportunities, and seize them . . . (Education) is crucial to the empowerment of people.

While at the World Bank, Conable was gutsy enough to call attention to how much money Third World nation's were spending on armaments, opposed to human resources development. His futuristic thinking is now recognized as particularly on the mark as the world views in horror the havoc that Saddam Hussein has wrought to his people. Barber said it best:

> Governments must be willing to shift resources from socially less productive uses—such as defense and subsidies for public enterprises—to human resource development.

Mr. Conable heard, and responded to, the growing demand in the poor countries to the necessity of making sure that the bank's money, as it financed construction activities around the world, didn't destroy the environment. Following in the footsteps of Republican environmentalists like Theodore Roosevelt, he drove World Bank loan officers to consider the potentially negative effects on the environment of its operations around the globe.

During his last 2 years, Barber took an active role in helping to seek debt reduction for poorer countries. He also kept an open mind to the possibility that the Soviet Union might join or be associated in some way with the World Bank, and its sister institution, the International Monetary Fund.

With his friends on Capitol Hill, Barber accomplished a major objective, with his old friend Baker's backing: an unprecedented boost of the bank's capital, over several years, from $90 to $174 billion. He led a reorganization for an institution that now provides more than $20 billion a year in loans and grants to the world's poorest countries and serves as a pillar of the global economic system.

At the age of 68, and after 5 years on the job, it is again time to move on. Reflecting on his time with the World Bank, he said, "I'm pleased with what we were able to accomplish, especially in terms of care for the environment and attention to the problems of women." Pulled by a desire to spend more time with the family, in September Barber will retire from his post to his home in Alexander, NY, with his wife Charlotte, to spend more time with their three daughters, a son, and grandchildren.

Barber Conable's work at the World Bank, as in every undertaking he entered in his distinguished career, is based on a love for the institution, and those that work there. Now in his retirement he deservedly has time to pursue his other loves, which include among other things, a collection of Indian artifacts, quotations from Shakespeare, and studying the ups and downs of the Stock Market.

So, Mr. Speaker, today we gather to salute a man and his career. A career, that when examined is triumphed not only by the positions he achieved and the dedicated service to his country, but more importantly by those who were privileged to have met him, and have had the chance to learn the deep resources of his friendship.

An early historian, commenting on attributes of public service, once wrote:

Real excellence, indeed, is most recognized when most openly looked into; and in really good men, nothing which meets the eyes of external observers so truly deserves their admiration, as their daily common life does with that of their nearer friends.

Barber Conable is truly an example for us all of real excellence in public service, and I wish him well in his retirement.

Mr. NOWAK. Mr. Speaker, it's a pleasure for me to join my colleagues in participating in this tribute to Barber Conable. As we know, Barber, one of western New York's most accomplished and admired public servants, will retire after a 5-year term as president of the World Bank on September 1.

Barber Conable's career at the World Bank has been distinguished by an extensive list of accomplishments that focused its resources on areas such as poverty, the environment, women's issues, and Eastern European recovery.

Barber Conable's presidency at the World Bank capped a long and successful career as an elected official at various levels of government in New York. Barber served in the Marine Corps during World War II and the Korean War; he then remained in the reserves for over 20 years. In November of 1962, Barber was elected to the New York State Senate where he held the 53d District Senate seat for one term. He was next elected as U.S. Congressman from New York's 30th Congressional District in 1964. During his 20 years in Congress, he distinguished himself as the senior minority member on the House Ways and Means Committee and as a highly respected legislator.

Summing up the feelings of many toward Barber Conable was the way Hobart Rowen began a column in the Washington Post March 14, 1991, titled "The Conable Years: You're unlikely to meet a nicer, brighter or more highly principled man than Barber B. Conable Jr."

I feel honored to have worked with him during the years that we shared in Congress and would like to join his many friends and those who benefitted from his dedicated leadership in congratulating him on an exemplary career and wishing him well and continued success in the future.

Mr. SCHULZE. Mr. Speaker, I have the very great honor and privilege today of paying tribute to a colleague and friend from New York, Barber B. Conable, Jr. Barber and I spent countless hours together, working in the Ways and Means Committee on legislation significantly influencing the quality of life in our Nation.

The occasion that brings me before this body is recognizing this great American upon his retirement as President of the World Bank.

Let me go back a few years. Barber has given America a lifetime of service that began in 1942. Upon graduation from Cornell University, he immediately enlisted in the U.S. Marine Corps.

Barber was serving as a first lieutenant when he joined thousands of Marines on the beach of Iwo Jima, the first day of the invasion.

After the war, Barber returned to Cornell for a law degree. He achieved his goal in 1948 when he graduated with honors, and joined a Buffalo law firm.

During the next decade, Barber served for 5 years as the Republican city chairman, and also served as campaign chairman for the Genesee County Republican Committee.

Also, he held posts with the Batavia Rotary Club, the Genesee Council of Boy Scouts, the Genesee County United Fund, and the Western New York Hospital Review and Planning Council.

Barber could have spent the rest of his life working at a thriving law practice, enjoying his community service, and spending long happy days with his wife Charlotte and their four children.

But Barber used his boundless energy for others and launched a public career which began in 1962 when he won election to the New York State Senate.

His impressive work there lasted only 2 years, because in 1964 U.S. Congressman Harold C. Ostertag from the 37th District of New York decided to retire. Barber Conable won the election to fill Ostertag's seat. This began a 10-term career for Barber which he served with distinction.

Nearly from the beginning, Barber served on the Committee on Ways and Means.

This was an important committee assignment for Barber who said of his work, "The Ways and Means Committee is a great place for someone interested in legislating, in my mind the reason for being here, and so I made it my preference."

His days in Washington also included service on the Joint Committee on Taxation, the Standards of Official Conduct Committee, the Budget Committee, the House Administration Committee, and the Joint Economic Committee.

In addition to those official duties, Barber served as head of the Republican Research Committee in 1971, and later as chairman of the House Republican Policy Committee.

He gave up that latter post to succeed former President Gerald Ford as minority leader in 1973.

This is just a sketch of the lifetime of service to which Barber Conable has been devoted. In addition to this service, Barber showed himself to be an honorable and ethical man. He was a firm advocate of campaign finance reforms. He leads by example, refusing to accept contributions of more than $50 from a political action committee or private donor.

He believed in being accountable for his actions. He kept in close contact with his constituents through his newsletter, The Washington Report, so they could keep current on legislation affecting them.

And he didn't rely on his newsletter to be his only mode of communicating to those he represented. He returned to his district for at least 40 weekends during each of his years in Congress—talking with his constituents about important legislation and public policies.

His work garnered him consistently high ratings from the National Alliance of Businessmen, the Americans for Constitutional Action, and the American Security Council. Those high ratings were greatly deserved.

When Barber announced his retirement from Congress, few who knew him doubted that he would continue a life of service. As President of the World Bank, he made fighting poverty his top priority.

He helped the emerging democracies in Eastern Europe by giving them loans to help build market economies and a strong financial structure.

Also while President of the World Bank, Barber instituted an awareness of environmental issues. As a hunter and sportsman myself, I greatly appreciate this interest from a financial leader in the protection of our vital natural assets.

Barber has now announced his retirement from the World Bank. Having had the pleasure and honor of working with him, I can say with certainty that his service to those around him will not end. Where Barber sees a need, he will meet it, where he sees a void he will fill it. It is a lifelong pattern. It is habit worth cultivating.

I say with a grateful heart, thank you Barber for all you have done—for your military service that kept this Nation free, for your public service that kept this nation strong, for your private service that kept this Nation vital.

Mr. RAY. Mr. Speaker, I would like to thank the gentlewoman from New York [Ms. SLAUGHTER], for taking out this special order for our former colleague and World Bank President, Barber Conable.

I had the great privilege to serve with Barber Conable before his retirement from the House of Representatives.

Let me say as a Representative from Georgia and a Democrat, that Barber Conable was a true scholar, statesman, and gentleman. As ranking minority member of the House Ways and Means Committee, Mr. Conable earned the admiration of his colleagues on both sides of the aisle for his effective leadership, and his unparalleled knowledge of the U.S. Tax Code. At home, Barber Conable earned the respect of his constituents by never losing sight of the needs of the individual taxpayer, the small businessman, the student, or the elderly.

Today we honor Barber Conable for his accomplishments since his retirement from the

House in 1984. In the years following his retirement from this House, he has continued to serve the needs of people from all walks of life. Since July 1, 1986, Barber Conable has served as president of the World Bank. He has, in his short tenure, succeeded in increasing the Bank's capital from $90 billion to $174 billion. Moreover, Mr. Conable has proven himself a master of political problem-solving by successfully negotiating the demands of all 151 members of the World Bank.

In addition, Mr. Conable has been able to bring the Bank back on course toward its original goal of poverty reduction. These are but a few of his many contributions to the World Bank and its community, but they are significant, and they are a reflection of this gentleman's lifelong commitment to excellence in all that he pursues.

There are few men who exhibit the type of dedication, integrity and commitment to the people, and problems of this world.

Barber Conable served his constituents well during his tenure in the House of Representatives, and has served the world community during his presidency at the World Bank. His leadership will be missed at the World Bank. However, I have a feeling that the gifts of this man will continue to be utilized. Barber Conable will always be a leader, a spokesman for those without voices, and a gentleman in whatever he chooses to pursue. I wish him continued success. I have no doubt he will continue to set new standards for excellence in all that he does.

Mr. LAFALCE. Mr. Speaker, it is with admiration and gratitude that today we honor a former colleague of ours, Barber Conable, upon his retirement from the World Bank. The Congress remembers Barber as a legislator of tremendous accomplishment and intergrity, the country knows him as an extraordinary public servant, and many people, including myself, know him also as a good and decent friend. He has left a mark on public policy in this country that will last for generations, as a legislator for 20 years and then as president of the World Bank for the past 5.

In his 20 years in the House, representing western New York, and 8 years as ranking Republican on the Ways and Means Commitee, Barber became a leading authority on fiscal policy and was clearly one of the most influential legislators in the U.S. Congress. But his contribution was more than just the sum of his legislative accomplishments. Barber was widely respected for his honesty, integrity, and overriding commitment to public service. His approach—bipartisan, common sense, personable, and above all principled—remains a touchstone for the rest of us in a time when partisan posturing seems too often to take precedence over everything else.

We all thought that Barber had retired at the end of the 98th Congress in order to return home to Alexander after a job well done in Congress. But then when Secretary Baker announced his choice to be president of the World Bank in 1986, it was greeted with enthusiasm by Barber's former colleagues on Capitol Hill. Those of us in Congress knew, based on Barber's record of competence and integrity, that he would make a very capable head of the World Bank. What we did not know then was the remarkable degree of vision that this man would bring with him. Barber had definite ideas on what the World Bank's priorities should be, and set about redirecting the Bank's operations to conform with those priorities. The result is a World Bank that today has a more direct and substantial effect on the quality of life of the billions of people that live in the developing world.

In his 5 years at the World Bank, Barber has focused the Bank's operations on promoting not economic growth per se, but economic growth whose goal is reduction of poverty and improvement in the quality of life. As Barber said in a speech last September, success in reducing poverty should be the measure of global economic progress, and is now the integrating theme of the many facets of the Bank's work. Barber supported the shift in Bank priorities away from glamorous development projects, such as sports stadiums and grand office buildings, and toward operations which lacked, perhaps, the glamour, but had a much more profound effect on people's lives. Such operations include rural credit, small scale enterprises, rural roads, fisheries, irrigation, agricultural extension, drinking water, sewerage, and urban housing.

Under Barber's leadership, lending for education topped the $1 billion mark for the first time in fiscal 1990. The Bank is now in a position to meet Barber's pledge to increase education lending over the next 3 years to an annual figure of more than $1.5 billion. The Bank has also increased lending for basic health care, family planning, and nutrition to nearly $1 billion per year.

With the support and inspiration of his wife Charlotte, Barber has steered the Bank's attention to the rights and problems of women in developing countries. The Bank has moved to expand economic opportunities for women, while easing their burden in securing food, water, and health services for their families.

One of Barber's most important legacies at the World Bank is the integration of environmental concerns into the Bank's operations. A full environmental impact assessment is made for every project that could have a substantial effect on the environment, and nearly half of the loans and credits approved by the Bank last year contained environmental elements. World Bank loan officers now routinely consider the potentially negative effects on the environment of the Bank's operations. And late last year, the Bank, under Barber's leadership, established a $1 to $1.5 billion global environment facility to help developing countries preserve the environment.

Barber can look back on his years at the World Bank as a wonderful capstone to a quarter century devoted to public policy. Although he will finally be fulfilling his pledge of 7 years ago to return to western New York to be closer to his three daughters and three—soon to be four—grandchildren, I hope that in the coming years he will continue to counsel his colleagues in Congress and the executive branch on matters relating to the world economy.

Mr. BEREUTER. Mr. Speaker, this body is here to pay tribute to our former colleague Barber Conable of New York, who has announced that he will be retiring in September of this year after 5 years of admirable service as President of the World Bank. In this body Mr. Conable was known for his broad and humane vision of the public good, and the respect and affection with which he worked with all of his colleagues. He has brought this same vision and humaneness to his work at the World Bank, and we can all be grateful that the world is now a better place because of it.

Barber Conable has been a passionate advocate for the 1 billion people in the world—one-fifth of the human race—who live at the utter extremity of poverty, with income of less than $1 per day. He made this the theme of the World Development Report issued by the World Bank in 1990 and emphasized to the 152 member countries of the World Bank at the annual meeting last September that the measure of global economic progress in the 1990's should be success in reducing abject poverty.

Barber Conable has been a persistent advocate for more attention to environmental issues in the World Bank, and reorganized the Bank in 1987 to make this happen. He campaigned tirelessly on behalf of improving the conditions of women and children, especially in economic opportunity, safe motherhood, and education. He and his wife, Charlotte Conable, have visited almost every country in the world during the past 5 years, meeting with people at all levels, from the head of state and the financial community to the slumdwellers and rural women.

As the largest lending institution in the world, with over $20 billion in lending each year, and the leading source of economic analysis of development issues, the World Bank is no stranger to statistics. Yet Barber Conable managed to keep the focus on the broader picture and on the human picture, reminding the World Bank staff and the leaders of the world that "these statistics are really people, with the tears wiped off".

In Washington, DC, this Member and his colleagues will miss his broad vision and care for the real improvement of the human condition, but this body recognizes that Barber Conable has set all of us and the new President of the World Bank, Lewis Preston, a magnificent example through his public service.

Mr. SCHUMER. Mr. Speaker, I rise today as part of a special order honoring Barber Conable, one of our Nation's finest public servants. For more than 30 years, he has been a standout public servant, a model and an inspiration to others. As an officer in the United States Marine Corps during both World War II and Korea, State senator, Member of Congress and as President of the World Bank since 1986, he has consistently demonstrated powerful, wise, and dignified leadership.

As a Representative from New York, Mr. Conable served as ranking Republican on the Ways and Means Committee. He was a leader in the 1984 overhaul of the tax code, and helped shape crucial reform legislation including the 1983 agreement to keep the Social Security system afloat. During his 20 years in Congress he impressed his peers with his exceptional ability and dedication to the public welfare.

Mr. Conable left Congress in 1984, and in 1986 he was appointed President of the World Bank for a 5-year term. During this tumultuous time he has led the World Bank with an admirable combination of prudence and willingness to take calculated risks.

As Mr. Conable steps down from his position at the World Bank, there is wide consensus that his stewardship of this vital international institution has been of great credit to the United States. He has proven in the face of international skepticism that the best solutions to the world's economic problems are market-oriented solutions.

During his term at the World Bank, Mr. Conable secured an increase in the bank's capital from $90 billion to $174 billion, shepherding the U.S. commitment through an ever-wary Congress. In many ways, that increase is a reflection of the trust and respect with which Mr. Conable is held throughout the international community. Armed with this capital increase, he has orchestrated over $20 billion in loans to developing countries every year. In addition to these great achievements, Mr. Conable has changed the face of the World Bank forever by initiating programs specifically aimed at assisting women in developing countries, and by emphasizing long-term solutions to economic problems rather than short-term fixes.

I salute my fellow New Yorker as he ends his term at the World Bank. His success there will be hard to match, for throughout his distinguished career, Mr. Conable has been a brilliant and consistent leader. Please join me in honoring him today.

Mr. CRANE. Mr. Speaker, we hope that this time Barber Conable decides to really retire. He certainly deserves the rest which he first decided to take 6 years ago. That retirement from service to his country lasted but a year and a half. On July 1, 1986, he answered the call to serve and took on the difficult post of President of the World Bank.

We had the privilege and pleasure of serving with him on the Ways and Means Committee for over a decade. He was a dedicated Member of the House as well as of the Ways and Means Committee. Republican members of the committee remember well how we gathered in his office in 1981 to work out our version of a tax cut package for President Ronald Reagan. It was there that, as ranking Republican on the Ways and Means Committee, he led us in our efforts to draft legislation needed by the President. Barber Conable was untiring as he led his party's delegation in the endeavor. That Republican alternative was eventually adopted by Congress and played an important role in the revitalized economy which President Ronald Reagan crafted for this country. For the past 5 years he has faced new challenges as President of the World Bank.

Barber Conable's first service to his country took place in World War II when he volunteered for the military. As a marine, he served on Iwo Jima and in the occupation forces in Japan. Later, he was recalled to active duty during the Korean conflict. He retired as a colonel in the Marine Corps Reserve.

Barber Conable has led a life devoted to his country. He deserves retirement. May it be a long, pleasant, happy one.

Mr. ROE. Mr. Speaker, I congratulate the gentlewoman from New York, Ms. SLAUGHTER, for taking this special order to pay a well-deserved tribute to our distinguished former colleague, Barber Conable.

His retirement as President of the World Bank closes the latest chapter in an illustrious life devoted to the service of his country and the world.

From the time he joined with his fellow marines in World War II to assault the beaches of Iwo Jima, Barber Conable has been a leader in the fight to make the world a better place, today and in the future.

In his 20 years in this body, he left a lasting impact on the procedures of the House and on a vast array of legislation. As the ranking Republican on the Committee on Ways and Means for 8 years, he demonstrated a broad vision that was national in scope yet indicated true concern about the individual.

Judging by the unanimous praise for his 5 years as President of the World Bank, Barber Conable has shown the same gifts of vision and leadership at the World Bank that he demonstrated in 10 terms in the House.

He has turned the World Bank toward the issues of reduction of poverty, environmental, population control, debt reduction, family, health, education, and the role of women in the Third World. Just as important, he obtained commitments to double the capital of the World Bank.

In addition to his time as a New York State senator, Congressman and President of the World Bank, Barber received repeated votes of confidence from the White House, serving on Presidential Commissions on Private Sector Initiative, Social Security Reform, Chemical Warfare Review and Defense Management.

I consider it a true honor to have served with Barber Conable in the House for 15 years. His contributions on issues as varied as Social Security, revenue sharing and legislative reorganization made a lasting mark on the Government and the Nation.

I wish Barber, his wife, Charlotte, and the rest of the Conable family all of the best in their next endeavor. I know that whatever Barber may choose to do, he will be a leader in the fight to make the world a better place.

Mr. GREEN of New York. Mr. Speaker, I rise today to recognize my very good friend and former colleague, Barber Conable, who recently retired after serving as president of the World Bank for the past 5 years.

While serving in the House of Representatives, Barber Conable attained the status of ranking minority member on the Committee on Ways and Means, and earned the utmost respect of all of his colleagues.

After a long and illustrious career on Capitol Hill, Barber was chosen to lead the World Bank in its purpose of promoting economic and social progress in developing nations by raising productivity in order to increase the living standards of their citizens. Mr. Conable stressed the importance of the environment, population control, and education while at the same time making the fight against poverty the World Bank's top priority. Most recently, Barber was a proponent of the loans funded by the World Bank and directed to the faltering economies of the Eastern European nations, which are struggling to survive as independent and democratic nations.

I thank my colleague, Louise Slaughter, who now serves the constituents of the 30th District of New York as Mr. Conable did so ably for 20 years, for sponsoring tonight's special order in Mr. Conable's honor. I should also like to join my colleagues in wishing Barber and Charlotte a healthy and happy retirement.

GENERAL LEAVE

Ms. SLAUGHTER of New York. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order in tribute to the Honorable Barber Conable upon his retirement from the World Bank.

The SPEAKER pro tempore (Mr. WISE). Is there objection to the request of the gentlewoman from New York?

There was no objection.

ENVIRONMENTAL CONSE-QUENCES OF THE GULF WAR

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California [Ms. PELOSI] is recognized for 60 minutes.

Ms. PELOSI. Mr. Speaker, I rise today to call attention to an issue and a situation that has the concern of many of the families in my district who have children, husbands, brothers, and sisters in the Persian Gulf. Mr. Speaker, while agencies and task forces take samples and analyze data to determine the health risks of Saddam Hussein's ecoterrorism, there can be no doubt that U.S. troops stationed in the gulf are being exposed to an unusually high amount of air pollution. The calls I have received from the families of troops in the Persian Gulf from my district are concerned that the troops are not home yet. Some of them have conveyed to their parents that they will not be home until September, after a long, hot summer in the Persian Gulf, and they are very concerned about the atmosphere of the air that they breathe while they are in Kuwait.

Mr. Speaker, thick clouds of black smoke from the well fires have been spewing into Kuwaiti skies for over a month, obscuring the sun with air pollutants estimated at 10 times the amount produced by all the industrial and electric generating plants in the United States combined. Air pollution from oil well fires is so bad that soldiers stationed in the gulf need flashlights to see in the daytime, and the flags that fly over the newly liberated Kuwait are streaked with soot.

The Environmental Protection Agency has detected some air pollutants attributed to the gulf fires halfway around the world at its Mauna Loa station in the Hawaiian Islands.

Larry Flak, the American engineer coordinating fire fighting efforts, says, "We guess about 520 or 530 oil wells are burning, but surveys are still going on."

Douglas Dockery of the Harvard School of Public Health warns that cancer and cardiovascular disease may increase due to the fires, but that it will be years before we know the full extent of the health risk.

From the ground, however, there is less uncertainty. Said U.S. Sgt. Mike Poss, who is serving in the gulf, "We're not stupid. They say the pollution is no worse than New York City. I have been to New York, and it doesn't look like this."

Sergeant Poss' remarks were echoed by Mort Lippman of the New York University Medical School, who said, "Nobody has ever been exposed to something like this before."

Atmospheric pollution on this scale has not occurred in our history. We need to be aggressive in our pursuit of data so that we have a better idea of the long-term effects of the toxics overwhelming the air, land, and water of the gulf region. Some of these pollutants may turn out to be carcinogenic. For our troops we could have another agent orange.

Mr. Speaker, it is imperative that we provide our troops with whatever medical attention they need, now and into the future, to cope with the health effects of exposure to pollution resulting from the gulf war.

We must also increase our commitment to assist in environmental restoration of the gulf area and to protect civilians in the region from Saddam's ecoterrorism.

Mr. Speaker, our colleague, the gentleman from Florida [Mr. GOSS] has introduced a resolution condemning Saddam Hussein's ecoterrorism. I thank him for his leadership in keeping this issue before us and also for his leadership in the action he has taken.

Mr. Speaker, as we speak tonight, the gulf itself is surging with oil. Three thousand barrels a day continue to pour into the gulf from offshore oil rigs. This amounts to an *Exxon Valdez* oil spill every 3 months.

According to the Environmental Protection Agency and the National Atmospheric and Oceanic Administration, 4 million barrels have been spilled into the gulf waters, making this the largest oil spill in the history of the world, eight times that of the *Exxon Valdez*.

Mr. Speaker, the oil has severely damaged the Saudi shrimp fishery, the coral reefs, and the ecosystems that provide vital habitats for endangered sea turtles and marine mammals. Over 100 small islands provide excellent and internationally significant habitat for sea turtle nesting and for migratory birds. The northernmost coral reefs in the world are found in the gulf.

There were many warnings about the possibility of oil spills and other assaults on the environment. When we had the debate on the issue of sanctions before this body, these issues were brought before the House of Representatives in the course of that debate. It was not restricted to our debate.

Headlines across the country warned: "War in the Gulf, an Environmental Perspective," "Wars and Environmental Implications Go Beyond a Simple Desert Storm," "Targeting the Environment: A Casualty No One is Counting—The Earth," "Vital Saudi Water Plant Prepares for Oil Slick," "Environmental Disaster Feared in Persian Gulf," "The Hidden Casualties: The Environmental Consequences of the Gulf Conflict," "Experts Warn of Global Fallout from Warfare." "Damage of Oil Across the Globe." "Saddam Hussein Could Respond to Attack by Unleashing a Massive Oil Spill in Gulf," and well he did. "Waging War on the Earth."

□ 1900

This was a predictable consequence of war. Unfortunately, we were dealing with someone who had no regard for human life, and no regard for the environment, in the person of Saddam Hussein. But now we have to deal with the consequences of his ecoterrorism.

Yet, despite these warnings, much of the advance planning needed to address this crisis was nonexistent.

Booms arrived after the oil slick was detected; dikes were not constructed in time to prevent marine areas from being flooded with oil; and critical equipment needs were not addressed early on.

Today, there is still no around-the-clock monitoring of the air quality in Kuwait.

EPA has conducted a preliminary study and issued its report on air quality. At this time, EPA reports that there is no danger to human health, although they admit that the jury is still out.

This study is inadequate for determining the immediate, as well as longer term effects of breathing the high sulfur and nitrogen content in the air.

This is the concern of the parents and families of the troops in the Persian Gulf from my district, and, I have learned, from the districts of some Members in the House who have also heard from their constituents on this point.

The apparatus for monitoring the area is still not in place. EPA has plans for more complete monitoring, but the pace to accomplish this basic first step has been slow, due partly to Saudi Government delays.

No research has been done on possible damage to the food chain.

Generally, there has been a lack of coordination, a lack of equipment, and a lack of initiative by the U.S. Government to respond to this serious environmental situation.

WHAT MUST WE DO?

There must be a stronger international environmental code for war, including enforcement mechanisms to be applied against violating nations.

Sophisticated technology has increased the range, speed, and accuracy of war weapons. During the gulf war, oil wells, refiners and chemical plants, and nuclear facilities were bombed, with the potential for emitting poisonous gases into the atmosphere. These pollutants may be detected in soil, ground water, and other areas of the environment for years.

The environment cannot be held hostage; war on the environment is unacceptable.

Because mined oil fields are preventing firefighters from approaching some of the oil fires, military strategies must be put in place to ensure that the mines are cleaned as quickly as possible from the fire areas.

Air pollution cannot be controlled without this strong effort to sweep the area free of mines.

To address the immediate crisis, Congress must take actions.

I have called upon the Subcommittee on International Organizations to hold hearings on the environmental effects of the gulf war. Chairman YATRON has agreed to hold hearings next week which will address the issue.

I might add that on his own, the gentleman from Pennsylvania [Mr. YATRON] has demonstrated great leadership on this subject. Were it not for him, we would not have the opportunity next week for us to gain the important testimony that is necessary for us to proceed.

Congressman GILMAN and I are circulating a letter to the President urging him to take quick action to implement section 309 of the dire emergency supplemental for fiscal year 1991. The bill encourages the administration to work toward the creation of an international agreement for environmental monitoring, assessment, remediation and restoration in the Persian Gulf region.

I invite Members to join the gentleman from New York [Mr. GILMAN], along with many other Members in the House, and me, in signing this letter to the President.

Because of the unique position of the United Nations Environmental Programme [UNEP] to help in this crisis, Congress should help by approving a voluntary appropriation to the UNEP "special environmental fund" used to address the environmental problems created by the gulf war.

Mr. Speaker, the United States, in conjunction with its coalition partners, has an opportunity to make an important difference. We can and must step up to the task. Our soldiers need medical attention to ensure their future well-being; the people of the Persian gulf need our help to stave off the health risks and economic hardship that will follow this environmental crisis; and the world community needs an international code of conduct that will strongly discourage future military aggressors from using environmental destruction as a weapon of war.

I would even go further than that, than discourage, but would strongly punish future military aggressors from using environmental destruction as a weapon of war.

Mr. Speaker, much has been said in the press in the last week and a half and in other areas of debate about the Kurdish situation, and indeed it is a sin against humanity to see what is happening there and our inability to effectively deal with it. But some leadership is being taken on that now, and we must do everything we can to meet the needs of the Kurds who are fleeing Iraq.

Mr. Speaker, while we are doing that, we must also pay attention to the environmental damage which our troops are being exposed to, as well as the other people who live in the region. To do anything less, to ignore what is happening to the Kurdish people and to ignore the damage to the environment, is to dishonor the God who made them all.

Mr. Speaker, I yield back the balance of my time.

Mr. GOSS. Mr. Speaker, history books will likely record Saddam Hussein as the loser in the Persian Gulf war; he may have lost on the battlefield, but I'm sure most of us would agree that the real losers in the war are the innocent civilians of Iraq, the Persian Gulf States, and the environment. When Saddam Hussein declared war on the environment by releasing millions of gallons of oil into the Persian Gulf and torching more than 700 Kuwaiti oil wells, the world was shocked and angry. People wanted to be sure that Saddam will be made to pay for his arrogance and unbelievably destructive actions. The United Nations responded to these concerns by including in the cease-fire agreement a provision holding Iraq liable under international law for all losses and damage associated with its invasion and occupation of Kuwait—including the environmental degradation. People say time heals most wounds—and certainly as more time passes it is easier for us to adjust to what's happened. But time should not make us forget or lose our sensitivity to this terrible tragedy. Although the oilspill is contained, the waters and shoreline have yet to be cleaned. Although our international emergency teams are slowly putting out the oil well fires, black smoke still fills the air. And, even when we've finally gotten the immediate crisis under control, the people and the ecosystems of the Persian Gulf region will still suffer the consequences of Saddam's desperate vengeance for years to come. Mr. Speaker, who will pay for this needless and tragic destruction of innocent lives and precious resources? Loud and clear, let us with one voice all say, "Send the bill to Saddam."

GENERAL LEAVE

Ms. PELOSI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include therein extraneous material on the subject of my special order.

The SPEAKER pro tempore (Mr. WISE). Is there objection to the request of the gentlewoman from California?

There was no objection.

COMMUNICATION FROM THE CHAIRMAN OF THE COMMITTEE ON THE BUDGET REGARDING CURRENT LEVEL OF SPENDING ON REVENUES FOR FISCAL YEAR 1991

(Mr. PANETTA asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PANETTA. Mr. Speaker, on behalf of the Committee on the Budget and as chairman of the Committee on the Budget, pursuant to the procedures of the Committee on the Budget and section 311 of the Congressional Budget Act of 1974, as amended, I am submitting for printing in the CONGRESSIONAL RECORD the official letter to the Speaker advising him of the current level of spending, credit, and revenues for fiscal year 1991. This is the third report of the 1st session of the 102d Congress.

The term "current level" refers to the estimated amount of budget authority, outlays, credit authority, and revenues that are available—or will be used—for the full fiscal year in question based only on enacted law.

Current level reports are intended to provide Members information to compare enacted spending and revenues with the aggregate ceilings on budget authority, outlays, and revenues established in a budget resolution, and also to compare enacted legislation with the allocations of new discretionary budget authority, entitlement authority, and credit authority made to a committee pursuant to subsection 302(a) of the Budget Act. This report compares the spending, credit, and revenue levels in current level with those assumed in the conference report to accompany the budget resolution for fiscal year 1991—House Concurrent Resolution 310. The 302(a) allocations to House committees made pursuant to the conference report were printed in the CONGRESSIONAL RECORD on October 10, 1990, page H9280.

Current level reports provide information that is necessary for enforcing section 311 of the Budget Act. Section 311(a) prohibits the consideration of a spending or revenue measure if the adoption of that measure would cause the ceiling on total new budget authority or total outlays set in the budget resolution for a fiscal year to be exceeded or would cause revenues to be less than the appropriate level of revenues set forth in the budget resolution.

Section 311(b) provides an exception to the 311(a) point of order for measures that would breach the ceilings on total spending set forth in the budget resolution but would not cause a committee to exceed its "appropriate allocation" of discretionary spending made pursuant to section 302(a) of the Budget Act. Such an exception was first provided by the budget resolution for fiscal year 1985—House Concurrent Resolution 280, 98th Congress. The exception was made permanent by the amendments to the Budget Act included in the Balanced Budget and Emergency Deficit Control Act of 1985—Public Law 99–177, Gramm-Rudman-Hollings. This exception is intended to protect a committee that has stayed within its allocation of discretionary budget authority and new entitlement authority from points of order if the total spending ceilings have been breached for reasons outside of its control.

Section 311(c) of the Budget Act provides that, for purposes of enforcing section 311, the levels of new budget authority, entitlement authority, outlays, and revenues shall be determined on the basis of estimates made by the Committee on the Budget. Current level reports represent partial fulfillment of this enforcement responsibility of the Budget Committee by providing both estimates of enacted aggregate spending and revenues, and, for purposes of determining the applicability of the section 311(b) exception, estimates of the relationship between the budgetary effect of enacted legislation within a committee's jurisdiction and the allocation of spending authority made to that committee.

The estimates in this report are based on economic and technical assumptions in place at the time of the adoption of the budget resolution, House Concurrent Resolution 310, on October 9, 1990. This is intended to protect committees which acted on the basis of the assumptions of the budget resolution from changes in economic and technical factors over which they have no control. Unless the Congress adopts a subsequent budget resolution for a fiscal year that alters the assumptions concerning legislative actions, committees should be able to expect that measures that conform with the budget resolution will not be subject to points of order for violation of the Budget Act. To do otherwise and base enforcement on constantly changing economic and technical estimates would seriously disrupt the legislative process, penalize committees that are unable to complete work on legislation within a short period after adoption of a budget resolution, and undermine respect for budget enforcement procedures.

In addition to section 311, the Budget Act contains another point of order that requires Budget Committee estimates for enforcement. Section 302(f)(1) of the Budget Act prohibits the consideration of a measure providing new budget authority, new entitlement authority, or new credit authority if the adoption of that measure would cause a committee to exceed its allocation of new spending or credit authority made pursuant to subsection 302(b) of the Budget Act. The 302(b) allocation is a subdivision of the new spending, new entitlement, and new credit authority allocated to a committee pursuant to section 302(a), among either the subcommittees of that committee or among programs over which the committee has jurisdiction. This point of order was added to the Budget Act by the amendments included in the Balanced Budget and Emergency Deficit Control Act of 1985.

Section 302(g) provides that the enforcement of section 302 shall be based on estimates of spending and credit authority made by the Committee on the Budget. The Budget

Committee fulfills this responsibility by providing, as necessary, a separate section 302 status report to the Speaker.

For information purposes only, current level reports will continue to include a comparison of the budget and credit authority divided among the Appropriations subcommittees by that committee's 302(b) division with the actual enacted spending and credit legislation within each subcommittee's jurisdiction.

As chairman of the Budget Committee, I intend to keep the House informed regularly on the status of the current level.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, DC, April 10, 1991.

Hon. THOMAS S. FOLEY,
Speaker, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: On January 30, 1976, the Committee on the Budget outlined the procedure which it had adopted in connection with its responsibilities under Section 311 of the Congressional Budget Act of 1974, as amended, to provide estimates of the current level of revenues and spending.

I am herewith transmitting the status report under H. Con. Res 310, the Concurrent Resolution on the Budget for fiscal year 1991.

In the House of Representatives, the procedural situation for fiscal year 1991 with regard to the spending ceilings (total new budget authority and total outlays) and the revenue floor is affected by Section 311 of the Congressional Budget Act of 1974, as amended by Public Law 99-177. Section 311(a) prohibits the consideration of a spending or revenue measure which would cause the ceiling on total new budget authority or total outlays set in the budget resolution for a fiscal year to be exceeded or would cause total revenues to be less than the appropriate level set in the budget resolution. Section 311(b) provides an exception to the 311(a) point of order for measures which would breach the ceilings on total spending in the budget resolution but would not cause a committee to exceed its "appropriate allocation" of new discretionary budget authority or new entitlement authority under Section 302(a) of the Budget Act.

The intent of Section 311(b) of the Budget Act is to protect a committee that has stayed within its spending authority allocations—new discretionary budget authority or new entitlement authority—from points of order if the total spending ceilings have been breached for reasons outside of its control. The 302(a) allocations to House committees made pursuant to the conference report on H. Con. Res. 310 were printed in the Congressional Record on October 10, 1990, page H9280.

The enclosed tables compare enacted legislation to each committee's 302(a) allocation of discretionary budget authority, new entitlement authority, new direct loan obligations and new primary loan guarantee commitments. The estimates of spending and revenues for purposes of the application of points of order under the Budget Act are based upon the economic and technical assumptions underlying the fiscal year 1991 budget resolution, H. Con. Res. 310.

Sincerely,

LEON E. PANETTA,
Chairman.

REPORT TO THE SPEAKER OF THE U.S. HOUSE OF REPRESENTATIVES FROM THE COMMITTEE ON THE BUDGET ON THE STATUS OF THE FISCAL YEAR 1991 CONGRESSIONAL BUDGET ADOPTED IN H. CON. RES. 310

REFLECTING COMPLETED ACTION AS OF APR. 9, 1991

[In millions of dollars]

	Budget authority	Outlays	Revenues
Appropriate level	1,485,600	1,236,900	1,172,900
Current level	1,482,806	1,237,086	1,176,177
Amount under ceilings	2,794		
Amount over ceilings		186	
Amount over floor			3,277

BUDGET AUTHORITY

Any measure which provides budget or entitlement authority and which is not included in the current level estimate and that exceeds $2,794 million in budget authority for fiscal year 1991, if adopted and enacted, would cause the appropriate level of budget authority for that year as set forth in H. Con. Res. 310 to be exceeded.

OUTLAYS

Any measure which increases outlays and which is not included in the current level estimate for fiscal 1991, if adopted and enacted, would cause the appropriate level of outlays for the year as set forth in H. Con. Res. 310 to be exceeded.

REVENUES

Any measure that would result in a revenue loss which is not included in the current level revenue estimate and that exceed $3,277 million in revenues for fiscal year 1991, if adopted and enacted, would cause revenues to be less than the appropriate level for that year as set forth in H. Con. Res. 310.

FISCAL YEAR 1991 BUDGET AUTHORITY—COMPARISON OF CURRENT LEVEL AND BUDGET RESOLUTION ALLOCATION BY COMMITTEE PURSUANT TO SEC. 302

[In millions of dollars]

	Current level budget authority
House committee:	
Agriculture	−742
Appropriations [1]	−469
Armed Services	+57
Banking, Finance, and Urban Affairs	−32
District of Columbia	
Education and Labor	
Energy and Commerce	−14
Foreign Affairs	
Government Operations	
House Administration	
Interior and Insular Affairs	+74
Judiciary	+3
Merchant Marine and Fisheries	−5
Post Office and Civil Service	+869
Public Works and Transportation	
Science and Technology	+1
Small Business	
Veterans' Affairs	−94
Ways and Means	−2,354

[1] See next table for detail.

Note.—Committees are over (+) or under (−) their 302(a) allocation for "discretionary action."

FISCAL YEAR 1991 HOUSE APPROPRIATIONS COMMITTEE DISCRETIONARY ACTION—COMPARISON OF CURRENT LEVEL AND BUDGET RESOLUTION SUBDIVISIONS OF THE HOUSE APPROPRIATIONS COMMITTEE PURSUANT TO SEC. 302

[In millions of dollars]

	Current level budget authority	Direct loans	Primary loan guarantees
House Appropriations Subcommittee:			
Commerce, State, Justice	+90	−11	−184

FISCAL YEAR 1991 HOUSE APPROPRIATIONS COMMITTEE DISCRETIONARY ACTION—COMPARISON OF CURRENT LEVEL AND BUDGET RESOLUTION SUBDIVISIONS OF THE HOUSE APPROPRIATIONS COMMITTEE PURSUANT TO SEC. 302—Continued

[In millions of dollars]

	Current level budget authority	Direct loans	Primary loan guarantees
Defense	+88		
District of Columbia	+98		
Energy and Water	−127		
Foreign Operations		−17	−1
Interior			
Labor, HHS, Education	−359	−1	
Legislative Branch	−63		
Military Construction	−136		
Rural Development and Agriculture	+64	−112	−49
Transportation	−1		
Treasury, Postal Service	−4		
VA/HUD Independent Agencies	−119	−198	
Total	−469	−339	−234

Note.—Subcommittees are over (+) or under (−) their 302(b) subdivisions for "discretionary action."

FISCAL YEAR 1991 ALLOCATION OF NEW ENTITLEMENT AUTHORITY [NEA] PURSUANT TO SEC. 302

[In millions of dollars]

Committee	Allocation	Reported [1]	Enacted [2]	Enacted over (+) under (−) allocation
Agriculture	+53	+1,309	−566	−619
Appropriations		+2,253	+2,253	+2,253
Armed Services		+2,209	+2,270	+2,270
Education and Labor	−120		+4	+125
Energy and Commerce	+305		+1	−304
Judiciary		+2	+2	+2
Post Office and Civil Service	−1,230		−1,390	−160
Veterans' Affairs	−65	+2	+182	+247
Ways and Means	−4,200		−3,182	+1,018

[1] These figures are used for 401(b)(2) of the Budget Act.
[2] These figures are used for 302(f) points of order.

Note.—The figures for the Armed Services and Appropriations Committees represent the full costs of the January 4.1 percent pay raise for Federal military and civilian personnel respectively. The pay raise was assumed in the budget resolution, but the New Entitlement Authority [NEA] was not allocated to any committee because the budget resolution assumed that the pay raise would be achieved through administrative actions.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 10, 1991.

Hon. LEON E. PANETTA,
Chairman, Committee on the Budget, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Pursuant to section 308(b) and in aid of section 311 of the Congressional Budget Act, as amended, this letter and supporting detail provide an up-to-date tabulation of the current levels of new budget authority, estimated outlays, estimated revenues, and direct and guaranteed loan levels in comparison with the appropriate levels for those items contained in the 1991 Concurrent Resolution on the Budget (H. Con. Res. 310). This report, for fiscal year 1991, is tabulated as of close of business April 9, 1991. A summary of this tabulation follows:

[In millions of dollars]

	Current level	Budget resolution H. Con. Res. 310	Current level +/− resolution
Budget authority	1,482,806	1,485,600	−2,794
Outlays	1,237,086	1,236,900	186
Revenues	1,176,177	1,172,900	3,277
Direct loan obligations	20,607	21,000	−393
Guaranteed loan commitments	106,940	106,800	140

Since my last report, dated March 6, 1991, the President has signed Public Law 102-16, Veterans' Education Employment and Training Amendments and Congress has cleared for the President's signature H.R. 1281, Dire Emergency Supplemental Appropriations for 1991; H.R. 1282, Operations Desert Shield/Desert Storm Appropriations for 1991; S. 725, Persian Gulf Conflict Supplemental Authorization; and H.R. 1285, Higher Education Technical Amendments. These actions increase the current level estimates of budget authority and outlays.

Sincerely,

ROBERT F. HALE
(For Robert D. Reischauer).

PARLIAMENTARIAN STATUS REPORT, 102D CONGRESS, 1ST SESS., HOUSE SUPPORTING DETAIL, FISCAL YEAR 1991 AS OF CLOSE OF BUSINESS APR. 9, 1991

[In millions of dollars]

	Budget authority	Outlays	Revenues
I. Enacted in previous sessions:			
Revenues	....	....	1,176,178
Permanent appropriations and trust funds	1,066,350	801,618	....
Other legislation	664,057	676,371	....
Offsetting receipts	−242,564	−242,564	....
Total enacted in previous sessions	1,487,843	1,235,425	1,176,178
II. Enacted this session:			
Extending IRS Deadline for Desert Storm Troops (Public Law 102–2)	....	....	−1
Veterans' Education, Employment and Training Amendments (Public Law 102–16)	(1)	(1)	–
Total enacted this session	(1)	(1)	−1
III. Continuing resolution authority	....	....	....
IV. Conference agreements ratified by both Houses:			
Dire Emergency Supplemental Appropriations for 1991 (H.R. 1281)	3,773	1,361	....
Higher Education Technical Amendments (H.R. 1285)	....	3	....
Total conference agreements	3,773	1,364	....
V. Entitlement authority and other mandatory adjustments required to conform with current law estimates in budget resolution	−8,811	297	....
Total current level [2]	1,482,806	1,237,086	1,176,177
1991 budget resolution (H. Con. Res. 310)	1,485,600	1,236,900	1,172,900
Amount remaining:			
Over budget resolution	....	186	3,277
Under budget resolution	2,794	....	....

[1] Less than $500,000.

[2] In accordance with section 606(D)(2) of the Budget Enforcement Act of 1990 (Title XIII of Public Law 101–508) and in consultation with the Budget Committee, current level excludes $45,661 in budget authority and $34,987 in outlays for designated emergencies including Operation Desert Shield/Desert Storm, Debt Forgiveness for Egypt and Poland, and Internal Revenue Service funding above the June 1990 baseline level. In addition, current level outlays include a savings of $1,100 million for the Bank Insurance Fund that the Committee attributes to the Omnibus Budget Reconciliation Act (Public Law 101–508) and revenues include the Office of Management and Budget's estimate of $3,037 million for the Internal Revenue Service provision in the Treasury-Postal Service Appropriations Bill (Public Law 101–509).

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. YOUNG of Florida (at the request of Mr. MICHEL), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. PORTER) to revise and extend their remarks and include extraneous material:)

Mr. PORTER, for 5 minutes, today.

Mr. LEWIS of California, for 5 minutes, today.

Mr. GINGRICH, for 60 minutes, on April 19.

(The following Members (at the request of Ms. SLAUGHTER of New York) to revise and extend their remarks and include extraneous material:)

Mr. LAFALCE, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. GEPHARDT, for 5 minutes, today.

Mr. PANETTA, for 5 minutes, today.

Ms. PELOSI, for 60 minutes, today.

Mr. RANGEL, for 60 minutes, on April 18.

Mr. GRAY, for 60 minutes, on April 23.

Mr. ANDREWS of New Jersey, for 5 minutes, on April 17.

Mr. BACCHUS, for 5 minutes each day, on April 17 and 18.

Mr. GONZALEZ, for 60 minutes each day, on April 22, 25, 26, 29, May 2, 3, 6, 9, 10, 13, 16, and 17.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. PORTER) and to include extraneous matter:)

Mr. FIELDS.

Mr. PURSELL.

Mr. GALLEGLY, in two instances.

Mr. BEREUTER.

Mr. HASTERT, in two instances.

Mr. MACHTLEY.

Mr. SOLOMON.

Mr. SUNDQUIST.

Mr. GEKAS, in four instances.

Mr. PORTER.

Mr. CAMP.

Mr. MCGRATH.

Mr. LOWERY of California.

Mr. DUNCAN.

Mr. COUGHLIN.

Mr. CRANE.

Mr. DREIER of California.

Mr. GINGRICH.

Mr. RITTER.

Mr. MOORHEAD.

Mr. SANTORUM, in two instances.

Mr. HOLLOWAY.

(The following Members (at the request of Ms. SLAUGHTER of New York) and to include extraneous matter:)

Mr. YATRON.

Mr. HALL of Ohio.

Mr. MAZZOLI.

Mr. DARDEN.

Mr. JENKINS.

Mr. LANTOS.

Mr. SOLARZ.

Mr. LEHMAN of Florida.

Mrs. COLLINS of Illinois in two instances.

Mr. MCMILLEN of Maryland.

Mr. MAVROULES.

Mr. HAMILTON.

Mr. WEISS.

Mr. BILBRAY.

Mr. DYMALLY.

Mr. SKELTON, in two instances.

Mr. HAMILTON.

Mr. DONNELLY.

Mrs. BYRON.

Mr. SCHEUER.

Mr. SWETT, in two instances.

Mr. ROEMER.

Mr. TRAFICANT, in three instances.

Mr. KLECZKA.

Mr. MINETA.

Mr. WAXMAN.

Mr. ACKERMAN.

Mr. TALLON.

Mr. SCHUMER.

Mr. HOCHBRUECKNER.

Mr. BONIOR.

Mr. GUARINI.

Mr. BROWN.

Mr. LEVINE of California.

Mr. MFUME.

Mr. WILLIAMS.

ADJOURNMENT

Ms. PELOSI. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 7 minutes p.m.) under its previous order, the House adjourned until tomorrow, Wednesday, April 17, 1991, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2, of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1090. A letter from the Secretary of the Air Force, transmitting the Department's recommendations for base closures and realignments; to the Committee on Armed Services.

1091. A letter from the Secretary of Education, transmitting a notice of Final Priorities for Educational Media Research, Production, Distribution, and Training Program, pursuant to 20 U.S.C. 1232(d)(1); to the Committee on Education and Labor.

1092. A letter from the Chairman, Interstate Commerce Commission, transmitting a copy of the annual report in compliance with the Government in the Sunshine Act during the calendar year 1990, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

1093. A letter from the Director, Office of Management and Budget, transmitting the Congressional Budget Office and the Office of Management and Budget report estimating the change of outlays in each fiscal year through 1995 as a result of the passage of Public Law 102-25, pursuant to Public Law 101-508, title 13, section 13101(a) (104 Stat. 1388-582); to the Committee on Government Operations.

1094. A letter from the Deputy Associate Director for Collection and Disbursement, Department of the Interior, transmitting notice of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

1095. A letter from the Deputy Associate Director for Collection and Disbursement, Department of the Interior, transmitting notice of proposed refunds of excess royalty payments of OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

1096. A letter from the Deputy Associate Director for Collection and Disbursement, Department of the Interior, transmitting notice of proposed refunds of excess royalty payments of OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

1097. A letter from the Chairman, Pennsylvania Avenue Development Corporation, transmitting a draft of proposed legislation to amend the Pennsylvania Avenue Development Corporation Act of 1972 to authorize appropriations for implementation of the development plan for Pennsylvania Avenue between the Capitol and the White House, and for other purposes; to the Committee on Interior and Insular Affairs.

1098. A letter from the Girl Scouts of the U.S.A.; the Girl Scouts of the United States of America 1990 annual report, pursuant to 36 U.S.C. 37; to the Committee on the Judiciary.

1099. A letter from the Secretary of Energy, transmitting the Department's Environmental Restoration and Waste Management fiscal year 1990 Program; jointly, to the Committee on Armed Services and Appropriations.

1100. A letter from the Department of State, transmitting a report on the progress and leadership of the Citizens Democracy Corps; jointly, to the Committees on Foreign Affairs and Appropriations.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ACKERMAN (for himself, Ms. OAKAR, and Mrs. MORELLA):

H.R. 1774. A bill to amend title 5, United States Code, to reform the program under which health benefits are provided to Federal employees; to the Committee on Post Office and Civil Service.

By Mr. TAUZIN (for himself, Mr. FIELDS, and Mr. GOSS):

H.R. 1775. A bill to authorize expenditures for fiscal year 1992 for the operation and maintenance of the Panama Canal; to the Committee on Merchant Marine and Fisheries.

By Mr. TAUZIN (for himself, Mr. JONES of North Carolina, Mr. DAVIS, Mr. FIELDS, Mr. STUDDS, Mr. GOSS, and Mr. PICKETT):

H.R. 1776. A bill to authorize for fiscal year 1992 the U.S. Coast Guard budget; to the Committee on Merchant Marine and Fisheries.

By Mr. GIBBONS:

H.R. 1777. A bill to amend title XVIII of the Social Security Act to provide for coverage of the general population under the Medicare Program, and for other purposes; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. TAUZIN:

H.R. 1778. A bill relating to the effective period of duty exemptions for certain foreign repairs made to U.S. vessels; to the Committee on Ways and Means.

By Mr. SAVAGE:

H.R. 1779. A bill to designate the Federal building being constructed at 77 West Jackson Boulevard in Chicago, IL, as the "Ralph H. Metcalfe Federal Building"; to the Committee on Public Works and Transportation.

By Mr. ARCHER:

H.R. 1780. A bill to amend the Internal Revenue Code of 1986 to limit the exclusion from withholding for combat pay to the amount excludable from gross income; to the Committee on Ways and Means.

By Mr. BEILENSON:

H.R. 1781. A bill to suspend temporarily the duty on certain house slippers, and for other purposes; to the Committee on Ways and Means.

By Mr. COOPER:

H.R. 1782. A bill to amend title 23, United States Code, to establish national safety belt and motorcycle helmet use requirements, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. CRANE:

H.R. 1783. A bill to suspend temporarily the duty on fluorescent yellow R; to the Committee on Ways and Means.

H.R. 1784. A bill to suspend temporarily the duty on fluorescent yellow FGPN; to the Committee on Ways and Means.

H.R. 1785. A bill to extend the existing suspension of duty on parts of aircraft generators; to the Committee on Ways and Means.

H.R. 1786. A bill to extend the existing suspension of duty on fresh, chilled, or frozen brussel sprouts and for other purposes; to the Committee on Ways and Means.

H.R. 1787. A bill to suspend temporarily the duty on certain yellow coloring matter; to the Committee on Ways and Means.

H.R. 1788. A bill to extend the existing suspension of duty on 4-Chloro-3-methylphenol; to the Committee on Ways and Means.

By Mr. DELLUMS (for himself and Mr. MILLER of California):

H.R. 1789. A bill to establish the U.S.S. *Potomac* National Historical Site, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. GEPHARDT (for himself, Mr. MOORHEAD, Mr. MICHEL, Mr. FISH, Mr. COBLE, Mr. ACKERMAN, Mr. BRYANT, Mr. MANTON, Mr. LIPINSKI, Mr. SMITH of Florida, Mr. ROE, Mr. ESPY, Mr. MARKEY, Mr. KLECZKA, Mr. MRAZEK, Ms. LONG, Mr. SABO, Mr. DE LUGO, Mr. HERTEL, Mr. CAMPBELL of Colorado, Mr. ABERCROMBIE, Mr. FROST, Mr. WISE, Mr. BONIOR, Ms. SLAUGHTER of New York, Mr. ECKART, Ms. KAPTUR, Mr. PANETTA, Mr. SERRANO, Mr. ENGEL, Mr. TORRICELLI, Mr. FAZIO, Mr. ERDREICH, Mr. CARDIN, Mr. WALSH, Mr. MCDADE, Mr. GALLEGLY, Mr. KOLBE, Mr. DERRICK, Mr. SPENCE, Mr. DORNAN of California, Mr. STEARNS, Mr. PETRI, Mr. DANNEMEYER, Mr. SCHEUER, Mr. ANDERSON, Mr. FALEOMAVAEGA, Mr. MCGRATH, Mrs. JOHNSON of Connecticut, Mr. GUNDERSON, Mr. FAWELL, Mr. MARTIN, Mr. HEFNER, Mr. FORD of Michigan, Mr. BUSTAMANTE, Mr. HAYES of Louisiana, Mr. EVANS, Mr. DYMALLY, Mr. HOYER, Mr. ANDREWS of Maine, Mr. COSTELLO, Mr. BENNETT, Mr. CRAMER, Mr. DONNELLY, Mr. BOEHNER, Mr. COLEMAN of Missouri, Mr. SANGMEISTER, Mr. BEREUTER, and Mr. BILBRAY):

H.R. 1790. A bill to amend title 17, United States Code, to provide for protection of industrial designs of useful articles; to the Committee on the Judiciary.

By Mr. DONNELLY:

H.R. 1791. A bill to amend title II of the Social Security Act to provide a graduated exemption from the public pension offset applicable to certain monthly insurance benefits under such title based on the amount of total monthly benefits received; to the Committee on Ways and Means.

By Mr. FASCELL (for himself and Mr. BROOMFIELD) (both by request):

H.R. 1792. A bill to amend the Foreign Assistance Act of 1961 to rewrite the authorities of that act in order to establish more effective assistance programs and eliminate obsolete and inconsistent provisions, to amend the Arms Export Control Act and redesignate that act as the Defense Trade and Export Control Act, to authorize appropriations for international cooperation programs for fiscal years 1992 and 1993, and for other purposes; to the Committee on Foreign Affairs.

By Mr. GEJDENSON:

H.R. 1793. A bill to suspend temporarily the duty on 4-(3,4-Dichlorophenyl)-1-tetralone; to the Committee on Ways and Means.

By Mr. GORDON:

H.R. 1794. A bill to provide for the testing and remediation of radon contamination in schools; to the Committee on Energy and Commerce.

H.R. 1795. A bill to ensure that amounts paid for home improvements to mitigate radon gas qualify for the tax deduction for medical care expenses; to the Committee on Ways and Means.

By Mr. GRADISON:

H.R. 1796. A bill to extend until January 1, 1995, the existing suspension of duty on certain chemicals; to the Committee on Ways and Means.

H.R. 1797. A bill to suspend temporarily the duties on certain chemicals; to the Committee on Ways and Means.

H.R. 1798. A bill to extend until January 1, 1995, the existing suspension of duty on certain umbrella frames; to the Committee on Ways and Means.

By Mr. JACOBS:

H.R. 1799. A bill to amend title II of the Social Security Act to require the Secretary of Health and Human Services to provide claimants for benefits based on disability with a face-to-face, evidentiary hearing before making an initial decision, to provide those claimants whose application is denied with opportunity for a subsequent hearing without any requirement for intervening "reconsideration," and to specify the medical information to be collected and maintained in making disability determinations; to the Committee on Ways and Means.

By Mr. LEWIS of California (for himself, Mr. ARCHER, Mr. MCDADE, Mr. LAGOMARSINO, Mr. MCEWEN, Mr. THOMAS of Wyoming, Mr. KYL, Mr. BEREUTER, Mr. HERGER, Mr. KOLBE, Mr. KASICH, Mr. ZIMMER, Mr. GALLO, Mr. GALLEGLY, Mr. SKEEN, Mr. INHOFE, Mr. BOEHNER, Mr. ARMEY, Mr. MACHTLEY, Mr. GILCHREST, Mr. HASTERT, and Mr. GOSS):

H.R. 1800. A bill to provide for the establishment and evaluation of performance standards and goals for expenditures in the Federal budget, and for other purposes; jointly, to the Committees on Government Operations and Rules.

By Mr. MCMILLEN of Maryland:

H.R. 1801. A bill to prohibit the opening of the Woodrow Wilson Memorial Bridge except during certain periods of times; jointly, to the Committees on Merchant Marine and Fisheries and Public Works and Transportation.

By Mr. MACHTLEY (for himself and Mr. MCCLOSKEY):

H.R. 1802. A bill to amend title XIX of the Social Security Act to create a new part under such title to provide access to services for medically underserved populations not currently served by federally qualified health centers, by providing funds for a new program to allow federally qualified health centers and other qualifying entities to expand such centers' and entities' capacity and to develop additional centers; to the Committee on Energy and Commerce.

By Mr. MOLLOHAN:

H.R. 1803. A bill to extend the existing suspension of duty on 6-t-Butyl-2,4-xylenol; to the Committee on Ways and Means.

H.R. 1804. A bill to extend the existing suspension of duty on BPIP; to the Committee on Ways and Means.

H.R. 1805. A bill to extend the existing suspension of duty on MBEP; to the Committee on Ways and Means.

H.R. 1806. A bill to suspend temporarily the duty on certain heterocyclic compounds; to the Committee on Ways and Means.

By Mr. OLIN:

H.R. 1807. A bill to extend the existing suspension of duty on Diflunisal; to the Committee on Ways and Means.

By Mr. OWENS of Utah:

H.R. 1808. A bill to permit Mount Olivet Cemetery Association of Salt Lake City, UT to lease a certain tract of land for a period of not more than 70 years; to the Committee on Interior and Insular Affairs.

By Mr. OXLEY:

H.R. 1809. A bill to provide restitution to crime victims; to the Committee on the Judiciary.

By Mr. PICKLE:

H.R. 1810. A bill to redesignate the Austin Dam located near Austin, TX, as the "Tom Miller Dam"; to the Committee Interior and Insular Affairs.

H.R. 1811. A bill to provide duty-free treatment for certain entries of metallized or foil balloons; to the Committee on Ways and Means.

By Mr. QUILLEN:

H.R. 1812. A bill to suspend temporarily the duty on photographic gelatin; to the Committee on Ways and Means.

H.R. 1813. A bill to suspend temporarily the duty on benzoxazol; to the Committee on Ways and Means.

By Mr. REED:

H.R. 1814. A bill to extend until January 1, 1995, the existing suspensions of duty on certain chemicals; to the Committee on Ways and Means.

By Mr. RUSSO:

H.R. 1815. A bill to amend the Harmonized Tariff Schedule of the United States to restore the duty rate that prevailed under the Tariff Schedules of the United States for certian twine, cordage, ropes, and cables; to the Committee on Ways and Means.

By Mr. SAXTON (for himself, Mr. LENT, and Mr. HUGHES):

H.R. 1816. A bill to extend the medical waste tracking program under the Solid Waste Disposal Act through June 1993; to the Committee on Energy and Commerce.

By Mr. SHAW:

H.R. 1817. A bill to amend the Internal Revenue Code of 1986 to treat all siblings as one shareholder for purposes of determining whether a corporation may elect to be an S corporation; to the Committee on Ways and Means.

By Mr. TRAFICANT:

H.R. 1818. A bill to authorize a 1-year demonstration program to provide grants to States and localities for community recycling projects; to the Committee on Energy and Commerce.

By Mr. WEISS:

H.R. 1819. A bill to amend the Public Health Service Act to provide for the prevention of financial conflicts of interest in certain projects of research supported by the Secretary of Health and Human Services, and to provide for the availability among researchers of materials that are created or gathered in projects of biomedical or behavioral research supported by the Secretary; to the Committee on Energy and Commerce.

By Mrs. BOXER (for herself, Mr. FAZIO, Mr. BUSTAMANTE, Mr. THOMAS of Georgia, Mr. BROWN, Mr. STARK, Mr. BARNARD, Mr. SISISKY, Mrs. UNSOELD, Mr. OWENS of New York, Mr. WEISS, Ms. PELOSI, Mr. CHAPMAN, Mr. SERRANO, Mr. TORRES, Mr. BORSKI, Mr. MARKEY, Mr. MCMILLEN of Maryland, Mr. TOWNS, Mr. PALLONE, Mr. GEJDENSON, Mr. ROYBAL, Mr. ROSE, Mr. GONZALEZ, Mr. LEACH, Mr. CAMPBELL of Colorado, Mr. DELLUMS, and Mr. EVANS):

H.R. 1820. A bill to amend title 5, United States Code, to allow Federal employees within any agency undergoing a major reorganization, reduction in force, or transfer of function to be credited with an additional 4 years (in age or length of service) in order to encourage voluntary retirements, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. CONYERS:

H.R. 1821. A bill to provide authority to the Attorney General to seek civil injunctive relief against police brutality; to the Committee on the Judiciary.

By Mr. GUARINI (for himself, Mrs. SCHROEDER, Mr. HUGHES, Mr. MARTINEZ, Mr. FUSTER, Mr. BUSTAMANTE, Mr. MCDERMOTT, Mr. FROST, Mr. VALENTINE, Ms. PELOSI, Mr. LIPINSKI, Mr. RANGEL, Mr. DWYER of New Jersey, Mr. BERMAN, Mr. SERRANO, Mr. LEVINE of California, Mr. KOPETSKI, Mr. SMITH of Florida, Mr. KLUG, Mr. ROE, Mr. JEFFERSON, Mr. PETERSON of Florida, Mr. MCCLOSKEY, Mr. HAYES of Illinois, Mrs. MEYERS of Kansas, Mr. WOLPE, Mr. HERTEL, Mr. JOHNSTON of Florida, and Mr. MURPHY):

H.R. 1822. A bill to amend the Older Americans Community Service Employment Act to authorize grants for the employment of older Americans in providing child care for families with low income; and to amend title II of the Social Security Act to exempt from the earnings test amounts earned for child care services; jointly, to the Committees on Education and Labor and Ways and Means.

By Mr. LAFALCE:

H.R. 1823. A bill to facilitate the providing of loan capital to and investments in small business concerns, and for other purposes; to the Committee on Small Business.

By Mr. LEVINE of California:

H.R. 1824. A bill to extend the filing period for requests for reliquidation of certain entries; to the Committee on Ways and Means.

By Mr. MCGRATH (for himself, Mr. HORTON, and Ms. SLAUGHTER OF NEW YORK):

H.R. 1825. A bill to extend the temporary suspension of duty on certain parts and accessories of indirect process electrostatic photocopying machines; to the Committee on Ways and Means.

By Mr. MCGRATH (for himself and Mr. BOEHLERT):

H.R. 1826. A bill to continue the temporary suspension of duty on digital processing units for automatic data processing machines; to the Committee on Ways and Means.

By Mr. MACHTLEY:

H.R. 1827. A bill to authorize the Secretary of the Treasury to establish an emergency assistance program to provide financial assistance to States that have experienced a large number of depository institution failures; to the Committee on Banking, Finance and Urban Affairs.

H.R. 1828. A bill regarding the tariff classification of brassieres; to the Committee on Ways and Means.

By Mr. MOLLOHAN:

H.R. 1829. A bill to suspend temporarily the duty on UV-1084 light stabilizer; to the Committee on Ways and Means.

By Mr. NAGLE:

H.R. 1830. A bill to reduce the column 1-general rate of duty on piperonyl butoxide (PBO); to the Committee on Ways and Means.

By Mr. SANTORUM:

H.R. 1831. A bill to provide for the temporary suspension of duty on certain chemicals, and for other purposes; to the Committee on Ways and Means.

H.R. 1832. A bill to suspend temporarily the duty on certain chemicals, and for other purposes; to the Committee on Ways and Means.

By Mr. SCHUMER:

H.R. 1833. A bill to amend title 5, United States Code, to extend certain whistleblower protections to personnel of Government corporations; to the Committee on Post Office and Civil Service.

By Mr. SKEEN (for himself (by request), Mr. STALLINGS, Mr. LAROCCO, and Mr. KYL):

H.R. 1834. A bill to withdraw certain public lands in Eddy County, NM, and for other purposes; jointly, to the Committees on Armed Services, Interior and Insular Affairs, and Energy and Commerce.

By Mr. SMITH of New Jersey:

H.R. 1835. A bill to provide for additional extension periods, not exceeding 2 years in the aggregate, in the time allowed for reexportation of certain articles admitted temporarily free of duty under bond; to the Committee on Ways and Means.

H.R. 1836. A bill to suspend until January 1, 1995, the duty on certain ceramic statues, statuettes, and handmade flowers; to the Committee on Ways and Means.

By Mr. DWYER of New Jersey (for himself, Mr. HUGHES, Mr. SMITH of Florida, Mr. ROE, Mrs. KENNELLY, Mr. KILDEE, Mr. ANDERSON, Mr. FORD of Tennessee, Ms. MOLINARI, Mr. PALLONE, Mr. BLILEY, Mr. QUILLEN, Mr. FAZIO, Mr. WEBER, Mr. MCDERMOTT, Mr. MOAKLEY, Mr. HORTON, Mrs. ROUKEMA, Mr. WEISS, Mr. SAXTON, Mr. SMITH of New Jersey, Mr. KASICH, Mr. RINALDO, Mr. HAYES of Louisiana, Mr. RHODES, Ms. OAKAR, Mr. SPENCE, Mr. MCCOLLUM, Mr. CLEMENT, Mr. GUARINI, Mr. TALLON, Mr. HOCHBRUECKNER, Mr. BENNETT, Mr. RANGEL, and Mr. SHAW):

H.J. Res. 219. Joint resolution to designate the second week in June, as "National Scleroderma Awareness Week"; to the Committee on Post Office and Civil Service.

By Mr. SANTORUM (for himself, Mr. RAMSTAD, Mr. RIGGS, Mr. DOOLITTLE, Mr. ALLARD, Mr. BOEHNER, Mr. CAMP, Mr. COX of Illinois, Mr. ZELIFF, Mr. HASTERT, Mr. ROBERTS, Mr. ROHRABACHER, Mr. MCGRATH, Mr. TALLON, Mr. SPENCE, Mr. ROTH, Mr. FAWELL, Mr. WEBER, Mr. BROOMFIELD, Mr. HORTON, Mr. INHOFE, Mr. BURTON of Indiana, Mr. LEWIS of California, Mr. COBLE, Mr. BALLENGER, Mr. DORNAN of California, Mr. DICKINSON, Mr. SCHULZE, Ms. MOLINARI, Mr.

GALLEGLY, Mr. PACKARD, Mr. WELDON, Mr. PALLONE, and Mr. DREIER of California):

H.J. Res. 220. Joint resolution designating May 8, 1991, as "National Tax Freedom Day"; to the Committee on Post Office and Civil Service.

By Mr. WILLIAMS:

H.J. Res. 221. Joint resolution to provide for a temporary prohibition of strikes or lockouts with respect to the unresolved disputes referred to in Executive Order No. 12714; to the Committee on Energy and Commerce.

By Mr. GOSS (for himself, Mr. MICHEL, Mr. FASCELL, Mr. BROOMFIELD, Mr. TORRICELLI, Mr. LAGOMARSINO, Mr. YATRON, Mr. BEREUTER, Mr. HAMILTON, Mr. HYDE, Mrs. MEYERS of Kansas, Mr. JOHNSTON of Florida, and Ms. ROS-LEHTINEN):

H. Con. Res. 123. Concurrent resolution urging the provision of foreign assistance to support legislative development in Central America to strengthen democracy in the region; to the Committee on Foreign Affairs.

By Mr. JOHNSTON of Florida:

H. Con. Res. 124. Concurrent resolution to address the suffering of the Kurdish people; to the Committee on Foreign Affairs.

By Mr. MCEWEN:

H. Con. Res. 125. Concurrent resolution stating that the Congress is convinced that the perpetuation of Saddam Hussein's rule in Iraq is incompatible with the stated goal of the United Nations Security Council to restore international peace and security to the Middle East, and urges the President to pursue, through the United Nations Security Council, the demand of the expeditious replacement of Saddam Hussein as the leader of Iraq; to the Committee on Foreign Affairs.

By Mr. MFUME (for himself, Ms. WATERS, Mr. DELLUMS, Mr. GRAY, Mr. DYMALLY, Mr. TOWNS, Ms. NORTON, Mr. HAYES of Illinois, Mr. FLAKE, Mr. DIXON, Mr. OWENS of New York, Mr. KENNEDY, Mr. RANGEL, Mr. WHEAT, and Mr. ESPY):

H. Con. Res. 126. Concurrent resolution concerning United States sanctions against South Africa; to the Committee on Foreign Affairs.

By Mr. MICHEL:

H. Res. 124. Resoluton electing Representative EDWARDS of Oklahoma to the Committee on Education and Labor; considered and agreed to.

By Mr. SHUSTER (for himself, Mr. COMBEST, Mr. BEREUTER, Mr. DORNAN of California, Mr. YOUNG of Florida, Mr. MARTIN, and Mr. GEKAS):

H. Res. 125. Resolution to amend rule XLVIII of the Rules of the House of Representatives to provide for a phased reduction in the size of the Permanent Select Committee on Intelligence; to the Committee on Rules.

By Mr. LANTOS (for himself, Mr. PORTER, Mr. CLEMENT, Ms. SLAUGHTER of New York, Mr. ABERCROMBIE, Mr. MACHTLEY, Mr. MILLER of Washington, Mr. KENNEDY, Mr. GREEN, Mr. REED, and Mrs. BENTLEY):

H. Res. 126. Resolution to condemn the treatment of Kurdish and other refugees in Iraq and to urge immediate humanitarian assistance and an end to repression against refugees by the Government of Iraq; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

82. By the SPEAKER: Memorial of the Legislature of the State of North Dakota, relative to a comprehensive national energy policy; to the Committee on Agriculture.

83. Also, memorial of the Legislature of the State of North Dakota, relative to the Glenharold coal mine; to the Committee on Interior and Insular Affairs.

84. Also, memorial of the Legislature of the State of North Dakota, relative to compensation of Members of Congress; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GORDON:

H.R. 1837. A bill for the relief of William A. Proffitt; to the Committee on the Judiciary.

By Mr. RUSSO:

H.R. 1838. A bill to reissue a production incentive certificate; to the Committee on Ways and Means.

By Mr. VISCLOSKY:

H.R. 1839. A bill to authorize issuance of a certificate of documentation for employment in the coastwise trade of the United States for the vessel *Phoenix*, to the Committee on Merchant Marine and Fisheries.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 14: Mr. FAZIO, Ms. KAPTUR, Mr. SMITH of Florida, Mr. HOCHBRUECKNER, Ms. MOLINARI, Mr. TOWNS, Mr. STUDDS, Mr. FRANK of Massachusetts, Mrs. BOXER, Mr. RAHALL, Mr. HERTEL, Mrs. SCHROEDER, Mr. SERRANO, Mr. JACOBS, and Mr. DWYER of New Jersey.

H.R. 73: Mr. JOHNSON of South Dakota, Mr. REGULA, Mr. SYNAR, Mr. HUTTO, Mr. MCMILLEN of Maryland, Mr. CLEMENT, Mr. STAGGERS, Mr. BOUCHER, Mr. HASTERT, Mr. EVANS, Mr. CAMP, Mr. SIKORSKI, Mr. FUSTER, Mr. JONTZ, Mr. BRYANT, Mr. BONIOR, Mr. ROE, Mr. GUNDERSON, Mr. DORNAN of California, Mrs. MORELLA, Mr. RIGGS, Mr. GALLO, Mr. SCHEUER, Mr. LAFALCE, Mr. RAHALL, Mr. FAWELL, Mr. DEFAZIO, Mr. DERRICK, Mr. HAYES of Louisiana, Mr. GRANDY, Mr. DICKINSON, Mr. PACKARD, Mr. PALLONE, Mr. NAGLE, Mr. VALENTINE, Mr. SWETT, and Mr. HATCHER.

H.R. 123: Mr. LUKEN, Mr. BROWDER, Mr. RITTER, Mrs. BENTLEY, and Mr. WELDON.

H.R. 141: Mr. MACHTLEY, Mr. MANTON, and Ms. MOLINARI.

H.R. 145: Mr. HUBBARD.

H.R. 193: Mr. PETRI.

H.R. 260: Mr. WEISS.

H.R. 261: Mr. WAXMAN, Mr. NEAL of Massachusetts, Mr. TORRICELLI, Mr. MFUME, Mrs. LOWEY of New York, Mr. DEFAZIO, Mr. TORRES, Mr. TRAXLER, Mr. THOMAS of Georgia, Mr. KLECZKA, Mrs. MEYERS of Kansas, Mr. BORSKI, Mr. WEISS, Mr. EDWARDS of California, Mr. FORD of Tennessee, Mr. MILLER of California, and Mrs. KENNELLY.

H.R. 299: Mr. ARMEY.

H.R. 307: Mr. MACHTLEY.

H.R. 328: Mr. MONTGOMERY and Mr. SPRATT.

H.R. 330: Mr. LEVINE of California.

H.R. 342: Mr. MARTIN, Mr. LEHMAN of Florida, Mr. LAFALCE, and Mrs. LOWEY of New York.

H.R. 386: Mr. WILLIAMS, Mr. BERMAN, Mr. ROYBAL, and Mr. DYMALLY.

H.R. 392: Mr. FEIGHAN, Mr. ANDREWS of New Jersey, Mr. LANTOS, Ms. DELAURO, Ms. HORN, Mrs. MINK, Ms. WATERS, Mr. DARDEN, Ms. MOLINARI, Mr. ROWLAND, Mr. TORRES, Mr. VENTO, and Mr. REED.

H.R. 416: Mr. ENGEL, Mr. EVANS, and Mr. PALLONE.

H.R. 418: Mr. ROE, Mr. MCEWEN, and Mr. POSHARD.

H.R. 441: Mr. MARKEY, Mr. PANETTA, Mr. LEWIS of Georgia, and Mr. PALLONE.

H.R. 500: Mr. DE LA GARZA, Mr. EMERSON, Mr. ERDREICH, Mr. RITTER, Mr. ROSTENKOWSKI, and Mr. ROWLAND.

H.R. 520: Mr. EVANS, Mr. DIXON, and Mr. JEFFERSON.

H.R. 534: Mrs. LOWEY of New York, Mr. FAWELL, Mr. YOUNG of Florida, Mr. TRAFICANT, Mrs. VUCANOVICH, Mr. YATRON, Mr. ZELIFF, Ms. DELAURO, Mr. GALLO, Mr. NATCHER, Mr. THOMAS of Georgia, Mr. MCNULTY, Mr. HYDE, Mr. EVANS, Mr. LIVINGSTON, Mr. DWYER of New Jersey, Mr. REED, Mr. ANDERSON, Mr. VALENTINE, Mr. DONNELLY, Mr. BORSKI, and Mr. BROOKS.

H.R. 542: Mr. ENGEL.

H.R. 585: Mr. ECKART, Mr. BRYANT, and Mr. VENTO.

H.R. 640: Mr. DARDEN.

H.R. 673: Mr. MCNULTY, Mr. DAVIS, Mr. FISH, Mr. ENGEL, Mr. LAFALCE, Mr. FLAKE, Mr. MACHTLEY, Ms. DELAURO, and Mr. COX of California.

H.R. 677: Mr. LEVINE of California, Mr. DWYER of New Jersey, Mr. BROWN, Mr. DEFAZIO, and Mr. SIKORSKI.

H.R. 690: Mr. CAMPBELL of Colorado.

H.R. 729: Mr. FRANK of Massachusetts.

H.R. 769: Mr. SWETT.

H.R. 771: Mr. HUTTO, Mr. CRANE, and Mr. ABERCROMBIE.

H.R. 784: Mr. LEACH and Mr. DURBIN.

H.R. 815: Mr. COSTELLO, Ms. KAPTUR, Mr. FAZIO, Mr. RAMSTAD, Mr. ROE, Mr. BRUCE, Mr. RANGEL, Mr. PETERSON of Florida, Mr. HAYES of Illinois, Mr. SIKORSKI, Mr. ENGEL, and Mr. JAMES.

H.R. 841: Mr. BORSKI, Ms. DELAURO, Mr. FORD of Tennessee, Mr. GILCHREST, and Mr. QUILLEN.

H.R. 842: Mr. WOLPE, Mr. HENRY, Mr. DERRICK, Mr. RANGEL, Mrs. KENNELLY, Mr. DYMALLY, and Mr. TRAFICANT.

H.R. 843: Mr. SCHEUER, Mr. FISH, and Mr. VALENTINE.

H.R. 844: Mr. SCHEUER, Mr. FISH, Mr. MCDERMOTT, Mrs. LOWEY of New York, Mr. OWENS of Utah, Mr. WOLPE, Mr. VALENTINE, and Mr. MINETA.

H.R. 849: Mr. ECKART, Mr. MARKEY, Mr. MCHUGH, and Mr. ABERCROMBIE.

H.R. 863: Mr. COSTELLO.

H.R. 911: Mr. LIGHTFOOT, Mrs. MEYERS of Kansas, Mr. COBLE, and Mr. COX of California.

H.R. 917: Mr. YOUNG of Alaska, Mr. HOAGLAND, Mr. RIGGS, Mr. LEACH, Mr. SISISKY, Mr. SCHAEFER, Mr. COLEMAN of Texas, Mr. SERRANO, Mr. SWETT, Mr. TRAXLER, Mr. OWENS of New York, Mr. PAXON, Mr. ERDREICH, Mr. SARPALIUS, and Mr. SPENCE.

H.R. 919: Mr. HUCKABY.

H.R. 946: Mr. COX of California, Mr. DWYER of New Jersey, Mr. ACKERMAN, Mr. MCGRATH, Mrs. MORELLA, Mr. SISISKY, Mr. JEFFERSON, Mr. MILLER of Washington, Ms. NORTON, Mr. BATEMAN, Mr. CARDIN, Mr. SANTORUM, Mr. FALEOMAVAEGA, Mr. MFUME, Mr. MORAN, Mr. GILCHREST, Mr. UDALL, Mr. PAYNE of New

Jersey, Mr. SWIFT, Mr. DARDEN, Mr. WALSH, and Mr. GALLO.

H.R. 960: Mr. LAGOMARSINO.

H.R. 980: Mr. CHAPMAN, Mr. LIGHTFOOT, Mr. DICKINSON, and Mr. JOHNSON of South Dakota.

H.R. 997: Mr. BROWN.

H.R. 1007: Mr. JACOBS, Mr. MCDERMOTT, Mr. FISH, Mr. COX of California, Mrs. BOXER, Mr. DEFAZIO, Mr. BILBRAY, Mr. ECKART, Mr. GEJDENSON, and Mr. SWETT.

H.R. 1063: Mr. WEISS, Mr. MOLLOHAN, Mr. DEFAZIO, Mr. KOPETSKI, Mr. KLECZKA, Mr. STARK, Mr. ABERCROMBIE, Mr. SAVAGE, Mr. RAHALL, Mr. FEIGHAN, Mr. ANNUNZIO, Ms. DELAURO, and Mr. GONZALEZ.

H.R. 1067: Mr. JENKINS, Mr. CRANE, Mr. BORSKI, Mr. NEAL of Massachusetts, Mr. ABERCROMBIE, Ms. DELAURO, Mr. GORDON, Mr. RAY, Mr. FORD of Michigan, Mr. HOPKINS, Mr. SCHUMER, Mr. JOHNSON of South Dakota, Mr. SYNAR, Mr. KYL, Mr. SLATTERY, Mr. FISH, Mr. CAMPBELL of Colorado, Mr. MORRISON, Mr. YOUNG of Alaska, Mr. SCHAEFER, Ms. MOLINARI, Mr. HAMMERSCHMIDT, Mr. HORTON, Mr. HOCHBRUECKNER, Mr. GUNDERSON, Mr. MILLER of California, Mr. MANTON, Mr. ROWLAND, Mr. KENNEDY, Mr. WYLIE, Mr. SHAYS, Mr. GRAY, Mr. BALLENGER, Mr. SPRATT, Mr. MRAZEK, Mrs. PATTERSON, Mr. DEFAZIO, Mr. LEHMAN of California, Mr. HERTEL, Mr. HOAGLAND, Mr. QUILLEN, Mrs. UNSOELD, Mr. ALLARD, Mr. TALLON, Mr. POSHARD, Mr. CAMP, Mr. DERRICK, Mr. ACKERMAN, Mr. RAVENEL, and Mr. INHOFE.

H.R. 1075: Mr. KOPETSKI.

H.R. 1077: Mr. HYDE, Mr. SANGMEISTER, and Mrs. LOWEY of New York.

H.R. 1079: Mr. BOUCHER and Mr. STALLINGS.

H.R. 1081: Mr. ENGEL.

H.R. 1130: Mr. WEBER, Mr. BILBRAY, Mr. EVANS, Mr. RAHALL, Mr. COSTELLO, and Mr. KILDEE.

H.R. 1185: Mr. COSTELLO, Mr. LANCASTER, Mrs. UNSOELD, Mr. HAYES of Illinois, Mr. ECKART, Mr. BUSTAMANTE, and Mr. DREIER of California.

H.R. 1190: Mr. KILDEE, Mr. LEWIS of Georgia, Mr. HALL of Ohio, Mr. RINALDO, and Mr. STUDDS.

H.R. 1201: Mr. ENGEL.

H.R. 1222: Mr. BERMAN, Mr. MCDERMOTT, Mr. LIPINSKI, Mr. JEFFERSON, Mr. PAYNE of New Jersey, Mrs. BOXER, Mr. MARTINEZ, Mr. TOWNS, Mr. LANCASTER, Mr. DE LUGO, Ms. KAPTUR, Mr. FROST, Mr. DWYER of New Jersey, Mr. SERRANO, Mr. MACHTLEY, and Ms. DELAURO.

H.R. 1232: Mr. GEJDENSON.

H.R. 1246: Mr. TRAFICANT, Mr. DE LUGO, Mr. FOGLIETTA, Mr. MCNULTY, Mr. MFUME, Mr. JONES of Georgia, Mr. GORDON, Mr. VALENTINE, Ms. DELAURO, Ms. PELOSI, Mr. BONIOR, Mr. MOODY, Mr. PARKER, Mr. KOPETSKI, Mr. TRAXLER, Mr. BILBRAY, Mr. SIKORSKI, Mr. ENGEL, and Mr. CAMPBELL of Colorado.

H.R. 1259: Ms. DELAURO, Mr. BEREUTER, Mr. LEVIN of Michigan, Mr. NUSSLE, Mr. GLICKMAN, Mr. EDWARDS of California, Mr. WEISS, Mr. FISH, Mr. COX of California, Mr. EMERSON, Mrs. JOHNSON of Connecticut, and Mr. WOLPE.

H.R. 1326: Mr. HERTEL.

H.R. 1367: Mr. BORSKI, Mr. PERKINS, Mr. DYMALLY, and Mr. KOSTMAYER.

H.R. 1370: Mr. HUTTO, Mr. BENNETT, Mr. MACHTLEY, Mr. HAYES of Louisiana, Mr. RAVENEL, Mr. SAXTON, Mr. DWYER of New Jersey, Mr. ROE, and Mr. GONZALEZ.

H.R. 1373: Mr. TRAXLER and Mr. LAGOMARSINO.

H.R. 1387: Mr. DEFAZIO, Mr. EVANS, Mr. FOGLIETTA, Mr. FORD of Tennessee, Mr. HERTEL, Mr. JEFFERSON, Mr. MARKEY, Mr. MURPHY, Mr. RANGEL, Mr. ROE, Mr. SABO, Mr. SANDERS, Mr. SERRANO, Mr. VENTO, and Mr. WHEAT.

H.R. 1388: Mr. DEFAZIO, Mr. FOGLIETTA, Mr. FORD of Tennessee, Mr. HERTEL, Mr. JEFFERSON, Mr. MARKEY, Mr. MURPHY, Mr. RANGEL, Mr. ROE, Mr. SABO, Mr. SANDERS, Mr. SERRANO, Mr. VENTO, and Mr. WHEAT.

H.R. 1408: Mr. MCDERMOTT, Mr. PETERSON of Minnesota, Mr. COSTELLO, Ms. PELOSI, Mr. DWYER of New Jersey, Mr. HERTEL, Mr. OWENS of New York, Mrs. LLOYD, Mr. KLECZKA, Mr. TORRES, Mrs. LOWEY of New York, and Mr. LEVINE of California.

H.R. 1411: Mr. VALENTINE, Mr. NEAL of North Carolina, Mr. ENGEL, Mr. BALLENGER, and Mr. BILBRAY.

H.R. 1423: Mr. ENGLISH and Mr. ABERCROMBIE.

H.R. 1432: Mr. JONES of North Carolina, Mr. ENGEL, Mr. BILBRAY, and Mr. INHOFE.

H.R. 1439: Mr. DELAY.

H.R. 1445: Mr. TALLON, Mr. LIGHTFOOT, Mr. FROST, and Mr. STENHOLM.

H.R. 1446: Mr. SIKORSKI.

H.R. 1468: Mr. SLAUGHTER of Virginia, Mr. DICKINSON, Mr. GINGRICH, and Mr. ROHRABACHER.

H.R. 1472: Mr. HANSEN, Mr. NAGLE, Mr. BALLENGER, Mr. PAXON, Mr. CAMPBELL of Colorado, Mr. SERRANO, and Mr. HAMMERSCHMIDT.

H.R. 1500: Mr. JONTZ, Mr. SANGMEISTER, Mr. WEISS, Mr. JONES of Georgia, Mr. MARKEY, Mr. BILBRAY, Mr. HAYES of Illinois, Ms. DELAURO, and Mr. ENGEL.

H.R. 1502: Mr. DEFAZIO, Mr. LEVIN of Michigan, Mr. FORD of Tennessee, Mr. SIKORSKI, Mr. HAMILTON, Mr. WISE, Mrs. LOWEY of New York, Mr. SANDERS, Mr. DWYER of New Jersey, Mr. POSHARD, and Mr. ENGEL.

H.R. 1504: Mr. DWYER OF NEW JERSEY, MR. LAGOMARSINO, Ms. DELAURO, and Mr. ROE.

H.R. 1506: Mr. RANGEL, Mr. GRAY, Mr. BUSTAMANTE, Mr. WOLF, Mr. PETRI, Mr. OWENS of New York, Mr. PETERSON of Minnesota, Mr. ENGEL, Mr. SMITH of Texas, Mr. EVANS, Mr. RAHALL, Mr. SERRANO, Ms. MOLINARI, Mr. WISE, Mr. QUILLEN, Mr. ROE, Ms. NORTON, and Mr. MACHTLEY.

H.R. 1516: Mr. Jones of North Carolina, Mr. INHOFE, Mr. THOMAS of Wyoming, Mr. TOWNS, Mr. BEREUTER, Mr. HAMILTON, Mr. BARRETT, Mr. COSTELLO, Mr. COMBEST, Mr. NUSSLE, and Mr. BREWSTER.

H.R. 1528: Ms. LONG.

H.R. 1538: Mr. HOCHBRUECKNER, Mr. LEHMAN of California, Mr. MINETA, Mr. VOLKMER, Mr. BEILENSON, Mr. EDWARDS of California, Mr. RIGGS, Mr. ROE, Mr. FALEOMAVAEGA, Mr. PETERSON of Minnesota, Mr. LEVIN of Michigan, Mr. DIXON, Mr. DEFAZIO, Mr. STALLINGS, Mr. JENKINS, Mr. EVANS, Mr. SABO, Mr. LAFALCE, and Mr. DWYER of New Jersey.

H.R. 1539: Mr. COSTELLO, Mr. RAVENEL, Mr. KILDEE, Mr. PALLONE, Mr. HORTON, Mr. OWENS of New York, Mrs. BOXER, Mr. DE LUGO, Mr. DWYER of New Jersey, Mr. EVANS, Mr. VALENTINE, and Mr. LEWIS of Georgia.

H.R. 1556: Mr. SHAYS and Mr. DOOLITTLE.

H.R. 1557: Mr. HOCHBRUECKNER, Mr. COX of California, Mr. SMITH of New Jersey, Mrs. BOXER, Mr. MCCRERY, Mr. MAVROULES, and Mr. JONES of North Carolina.

H.R. 1566: Mr. JACOBS, Mr. MACHTLEY, Mr. BACCHUS, Mr. CAMPBELL of Colorado, Mr. GUNDERSON, Mr. WOLF, Mr. LANCASTER, Mr. DWYER of New Jersey, and Mrs. BYRON.

H.R. 1569: Mr. YATES, Mr. JEFFERSON, Mr. TOWNS, Mr. THOMAS of Wyoming, Mr. DE LUGO, Mr. SAVAGE, Mr. PAYNE of New Jersey, Mr. FROST, Mr. CHAPMAN, Ms. KAPTUR, Mr. JOHNSON of South Dakota, Mr. BONIOR, and Mr. HYDE.

H.R. 1588: Mr. GEPHARDT, Mr. LIPINSKI, Mr. HORTON, and Mr. ROE.

H.R. 1597: Mr. ANTHONY.

H.R. 1635: Mr. OWENS of Utah, Mr. BEREUTER, Mr. DURBIN, Mr. FISH, Mr. VENTO, Mr. SLATTERY, Ms. PELOSI, Mr. ANNUNZIO, Mrs. SCHROEDER, Mr. DORGAN of North Dakota, Mr. DELLUMS, Mr. SANDERS, Mr. BEILENSON, Mr. KOPETSKI, Mr. ABERCROMBIE, Mr. LAROCCO, Mr. PENNY, Mr. KAPTUR, Mr. STUDDS, Ms. NORTON, Mr. POSHARD, Mr. JEFFERSON, Mr. PETERSON of Florida, and Mr. MAZZOLI.

H.R. 1649: Mr. WOLPE, Mr. MCEWEN, Mr. FAWELL, and Mr. MFUME.

H.R. 1677: Mr. ECKART and Mr. GONZALEZ.

H.R. 1736: Mr. PENNY, Mr. MONTGOMERY, Mr. TALLON, Mr. HAYES of Louisiana, Mr. ESPY, and Mr. JOHNSON of South Dakota.

H.R. 1749: Mr. MINETA.

H.R. 1753: Mr. RINALDO, Mr. ROE, Mr. PORTER, Mr. WISE, Mr. ARMEY, and Ms. KAPTUR.

H.J. Res. 19: Mr. DANNEMEYER.

H.J. Res. 66: Ms. SLAUGHTER of New York, Mr. BROOKS, Mr. COBLE, and Mr. SAWYER.

H.J. Res. 67: Mr. EMERSON, Ms. KAPTUR, Mr. FAZIO, Mr. SMITH of New Jersey, Mr. PAYNE of New Jersey, Mr. FALEOMAVAEGA, Mr. SOLARZ, Ms. PELOSI, and Mr. SWETT.

H.J. Res. 69: Mr. LIPINSKI, Mr. RAHALL, Mr. ENGEL, and Mr. COBLE.

H.J. Res. 91: Ms. OAKAR, Mr. DELLUMS, Mr. DICKS, Mr. RUSSO, Mr. PICKLE, Mr. PANETTA, Mrs. UNSOELD, Mr. PAYNE of Virginia, Mr. PRICE, Mr. KLECZKA, Mrs. PATTERSON, Mr. RHODES, Mr. SCHEUER, Mr. FEIGHAN, Mr. SPENCE, Mr. JOHNSTON of Florida, Mr. TORRES, Mr. ORTIZ, Mr. ROYBAL, and Mr. WELDON.

H.J. Res. 107: Mr. WYLIE, Mr. HATCHER, Mr. SPENCE, Mr. SANDERS, Mr. SWETT, and Mr. SMITH of New Jersey.

H.J. Res. 138: Mr. ACKERMAN, Mr. CONYERS, Ms. DELAURO, Mr. EVANS, Mr. HALL of Texas, Mr. JOHNSON of South Dakota, Ms. KAPTUR, Mr. LAFALCE, Mr. PAYNE of New Jersey, Mr. PRICE, Mr. QUILLEN, Mr. RAHALL, and Mrs. VUCANOVICH.

H.J. Res. 141: Mr. VALENTINE, Mr. BROWN, Mrs. LOWEY of New York, Ms. OAKAR, Ms. PELOSI, Mr. ASPIN, Mrs. BENTLEY, Mr. CAMP, Mr. BARNARD, Mr. BATEMAN, and Mr. HYDE.

H.J. Res. 144: Mr. SAWYER, Mrs. LOWEY of New York, Mr. ROEMER, Mr. WASHINGTON, Mr. PANETTA, and Mr. SHAW.

H.J. Res. 170: Mr. RITTER, Mr. CRAMER, Mr. MCCOLLUM, Mr. HASTERT, Mr. SABO, Mr. NOWAK, Mr. MFUME, Mr. BUSTAMANTE, Mr. CARR, Mr. NEAL of Massachusetts, Mr. LEVINE of California, Mr. CHANDLER, Mr. RINALDO, Mr. GILMAN, Mr. JEFFERSON, Mr. MCHUGH, Mr. PACKARD, Mr. DORGAN of North Dakota, Mrs. KENNELLY, Mr. MCGRATH, Mr. ANDERSON, Mr. MARTINEZ, Mr. TAYLOR of Mississippi, Mr. SMITH of Texas, Mr. HUCKABY, Mr. TORRICELLI, Mr. PAYNE of Virginia, Mr. SARPALIUS, Mr. EVANS, and Mr. RANGEL.

H.J. Res. 171: Mr. HAYES of Illinois, Mr. SAWYER, Mr. REED, Mr. CAMP, Mr. TORRICELLI, Mr. ASPIN, Mr. RHODES, Ms. SNOWE, Mr. QUILLEN, Mr. LEHMAN of Florida, Mr. GILCHREST, Mr. DAVIS, Mr. CONYERS, Mr. BORSKI, Mr. BEREUTER, Mr. JONTZ, Mr. BOEHLERT, Mr. GEREN of Texas, Mr. STUMP, Mr. SCHULZE, Mr. SLAUGHTER of Virginia, Mr. FAWELL, Mr. NICHOLS, Mr. GRAY, Mr. MINETA, Mr. DARDEN, Mr. DERRICK, Mr. ANTHONY, Mr. BALLENGER, Mr. GILMAN, Mr. LEWIS of Georgia, Mr. KOPETSKI, Mr. SERRANO, Mr. NATCHER, Mr. DONNELLY, Mr. ACKERMAN, Mr. APPLEGATE, Mr. BRYANT, Mr. ANDREWS of New Jersey, Mr. BLAZ, Mr. BONIOR, Mr. MOLLOHAN, Mr. MORAN, and Mr. PAYNE of New Jersey.

H.J. Res. 179: Mr. FAZIO, Mr. ANDREWS of Maine, Mr. JEFFERSON, Mr. RHODES, Mr.

SMITH of Florida, Mr. MARKEY, Mrs. MEYERS of Kansas, Mr. ECKART, Mr. SWETT, Mr. SCHEUER, Mr. STUDDS, Mr. PAXON, Mr. ACKERMAN, Mr. RIGGS, Mr. SERRANO, Mr. OLIN, Mr. LAFALCE, Mr. MILLER of Washington, Mr. SOLARZ, and Mr. ENGEL.

H.J. Res. 185: Mr. GALLEGLY, Mr. WILSON, Mr. LEVIN of Michigan, Mrs. BYRON, Mr. APPLEGATE, Mr. TALLON, Mr. ALLARD, Mr. ZIMMER, Mr. FROST, Mr. YATRON, Mr. BAKER, Mr. SERRANO, Mr. ROE, Mr. MACHTLEY, Mr. LAGOMARSINO, Mr. LANCASTER, and Mr. KANJORSKI.

H.J. Res. 196: Mr. GRANDY, Mr. HORTON, Mr. CLEMENT, Mr. MCDADE, Mr. LEACH, Mr. HASTERT, Ms. KAPTUR, Mr. QUILLEN, Mr. ROE, and Mr. WISE.

H.J. Res. 218: Mr. KILDEE.

H. Con. Res. 11: Mr. HUNTER.

H. Con. Res. 109: Mr. BEREUTER and Mr. YATRON.

H. Con. Res. 114: Mr. RAMSTAD, Mr. LAROCCO, Mr. HUGHES, Mr. ENGEL, Mr. PRICE, and Mrs. MINK.

H. Res. 40: Mr. JEFFERSON.

H. Res. 101: Mr. ANNUNZIO, Mr. MARTINEZ, Mr. GAYDOS, Mr. WEISS, Mr. KILDEE, and Mr. ANDREWS of Maine.

H. Res. 115: Mrs. JOHNSON of Connecticut, Mr. LIPINSKI, Mrs. LLOYD, Mr. WOLPE, Mr. HOCHBRUECKNER, Mr. TORRES, Mr. KILDEE, Mr. PAYNE of Virginia, Mr. POSHARD, and Mr. LEVINE of California.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 559: Mr. ANDREWS of Texas.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and paper were laid on the Clerk's desk and referred as follows:

57. The SPEAKER presented a petition of the International Association of Machinists and Aerospace Workers, relative to H.R. 5 and S. 55; which was referred jointly, to the Committees on Education and Labor, Public Works and Transportation, and Energy and Commerce.